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SOUTHERN AFRICA TRADE HUB

ANNUAL REPORT FOR THE PERIOD
OCTOBER 2012 - SEPTEMBER 2013

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SOUTHERN AFRICA TRADE HUB

ANNUAL REPORT FOR THE PERIOD OCTOBER 2012 - SEPTEMBER 2013 FY 2013

Contract No. 674-C-00-10-00075-00

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ACRONYMS

AAFA	American Apparel and Footwear Association
ACE	(Malawi) Agricultural Commodity Exchange
ACTF	African Cotton & Textile Industries Federation
AGOA	African Growth and Opportunity Act
ANSI	American National Standards Institute
ATI	African Trade Insurance
B2B	Business-to-Business
BOCCIM	Botswana Confederation of Commerce, Industry and Manpower
BURS	Botswana Unified Revenue Service
CASS	Central African Seed Services
CBM	Coordinated Border Management
CE	Clean Energy
CFA	Clearing and Forwarding Agents
COP	Chief of Party
DTI	Department of Trade and Industry (South Africa)
DTIS	Diagnostic Trade Integration Study
FY	Fiscal Year
EIF	Economic Integrated Framework
FtF	Feed the Future
GAZEDA	Special Economic Zones Authority
GCNet	Ghana Community Network
GGDA	Gauteng Growth and Development Agency
ICP	International Cooperating Partners
ICT	Information and Communications Technology
IDC	Industrial Development Corporation
IPA	Trade and Investment Promotion Agency
JBC	Joint Border Committee
LTE	Leaders in Trade exhibitions
LNDC	Lesotho National Development Corporation
MCCI	Malawi Chamber of Commerce and Industry
MCNet	Mozambique Community Network
MIT	Ministry of Industry and Trade
MOF	Ministry of Finance
MRA	Malawi Revenue Authority
MT	Metric Tons
MTI	Ministry of Trade and Industry

NCE	Namibia Customs and Excise
NSW	National Single Window
PPP	Public-Private Partnership
PS	Permanent Secretary
PTF	Partnership for Trade Facilitation
REFIT	Renewable Energy Feed-in Tariffs
RERA	Regional Electricity Regulators Association of Southern Africa
SACAU	Southern African Confederation of Agricultural Unions
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAGL	Southern African Grain Laboratory
SANSOR	South African National Seed Organization
SI	Statutory Instrument
SME	Small and Medium Enterprise
SPG	Strategic Partnership Grant
SPS	Sanitary and Phytosanitary
STDF	Standards and Trade Development Facility (WTO)
TIDCA	Trade, Investment and Cooperation Agreement
TBT	Technical Barriers to Trade
USAID	United States Agency for International Development
USG	United States Government
UNCTAD	United Nations Conference on Trade and Development
WCO	World Customs Organization
WRS	Warehouse Receipt System
WTO	World Trade Organization
ZRA	Zambia Revenue Authority

I. INTRODUCTION AND OVERVIEW

The key goal of the USAID Southern Africa Trade Hub (Trade Hub) project is to increase international competitiveness, intra-regional trade and food security in Southern Africa.

The Trade Hub is supported by USAID under Contract No. 674-C-00-10-00075-00, awarded to AECOM International Development, and running from 2010 until 2014, with an option to extend for one year. The initiatives of the United States Government (USG) which provide context and support for the Trade Hub's activities are:

- African Competitiveness and Trade Expansion (ACTE)
- Feed the Future (FtF)
- Clean Energy (CE)
- Partnership for Trade Facilitation (PTF)
- Strategic Partnership Grant (SPG)

In line with these initiatives and the technical direction in Contract Modification No. 8, Section C: Scope of Work of November 20, 2012, the Trade Hub provides solicited and unsolicited needs-driven assistance to the Southern African Development Community (SADC), the Southern African Customs Union (SACU), governments and private sector organizations in eight countries.

Based in Gaborone, Botswana, the Trade Hub works primarily in Botswana, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland and Zambia. Starting in FY2013, and in line with Modification No. 8 of the project contract, the Trade Hub reduced its technical assistance delivery from 13 to 5 indicative result areas, described below:

IR1.1: Trade Facilitation, aims improve efficiency in trade administration covering import, export and transit goods procedures and transparency of border administration by promoting and facilitating the adoption of simplified trade processes and modern tools.

IR1.2: Agricultural Value Chains, focuses on improving storage and structured trade; standards and quality; investment and adoption of modern technologies; and strengthening regional organizations to enhance production and availability of tradable maize, groundnuts and soy to enhance food security.

IR1.3: Textiles and Apparel, focuses on market linkages between regional and international buyers and African based garment and textiles manufacturers; and providing technical and advisory support to Botswana and Mozambique to position themselves as attractive and viable investment locations.

IR1.4: Clean Energy, works in collaboration with the Regional Electricity Regulators Association of Southern Africa (RERA) and country energy regulatory bodies to build capacity to develop and implement policies, regulations and feed-in tariffs that will enable and attract new investments in clean energy generation.

IR1.5: Enabling Environment, supports measures that improve the business climate, environmental compliance, and gender integration as enablers of competitiveness and sustainability.

The measures taken at the start and during the year to streamline and focus the activities in

five result areas, together with strengthening management and communications, have helped to improve operations and performance. The progress and some of the key achievements are summarized below.

- Appointment of a new Chief of Party (COP); Deputy COP/Agricultural Value Chain Team Leader; a Textiles and Apparel Team Leader and garment expert; a National Single Window Advisor; a Procurement Manager; a Senior Accountant; and a new Engagement Manager and support team in the Home Office, resulting in improved management, greater focus on results, and improved quality and timely submission of reports.
- Business relationships with USAID and public and private sector partners strengthened over the year with closer consultation, collaboration and knowledge sharing.
- Trade Hub promotion of the National Single Window (NSW) concept helped lead the Government of Malawi to decide at the Cabinet level to implement a national single window, and the Governments of Namibia and Botswana are moving towards formal adoption of a single window.
- The technical assistance provided for forming Joint Border Committees at selected borders in Malawi and Zambia resulted in significant reduction in time required to clear import and export goods.
- Through Strategic Partnership grants the Trade Hub facilitated six partnerships and committed \$600,000 between South African agri-business firms and local companies in Malawi, Zambia and Mozambique, which will lead to infusion of new technologies; investments in storage; improved production and trade in seeds, groundnuts and grains; increased land use for soy production; and broadened linkages with small growers. In turn, USAID obligating an additional \$1 million in grants to enable us the project to structure more partnerships in FY2014.
- Helped improve access to finance and trading conditions for small farmers in Malawi through the introduction of warehouse receipts and improved storage management, resulting in increased agricultural loans of over \$2 million.
- 369 people received short-term training across the Trade Hub's target value chains, including trainees from 46 storage operators representing an estimated 350,000 metric tons of storage capacity. The Trade Hub also trained more than 44 processors of groundnuts to mitigate and reduce levels of aflatoxin and improve the quality of traded groundnuts.
- The Source Africa event attracted 170 exhibitors, more than 1700 attendees, and 20 buyers from the region, Europe and the U.S. The event received high ratings and garnered strong support for a follow-up annual event.
- Secured the support and participation of the African Cotton & Textile Industries Federation and American Apparel and Footwear Association (AAFA) as partners to organize the workshops and power breakfasts at Source Africa 2013, which were well attended.
- Capacity building trainings were conducted to help countries in the region develop policies, regulations and incentives to attract investment by independent power producers in clean energy.
- The capacity and commitment of Trade Hub staff in integrating gender into all aspects of the project increased significantly as evidenced by the positive findings of the Gender Audit Report.

The Trade Hub achieved other significant milestones and highlights, many reported in project quarterly reports, rounding out a relatively strong year.

II. HIGHLIGHTS, RESULTS AND SUCCESS STORIES

TRADE FACILITATION

How easy is it for businesses in economies in the countries the Trade Hub supports to export and import goods? The global rankings of these economies on the ease of trading across borders index suggest that there is significant room for improvement. Table 1 below shows what it takes to export or import a standard container of goods in each economy: the number of documents, the time and the cost; and how these countries rank in terms of ease of trading across borders out of 185 countries worldwide. Each of the countries where the Trade Hub works would benefit from reducing the number of required documents and simplifying the processes for clearing goods. Countries with ports generally fare better than landlocked countries.

TABLE 1: How Countries Supported by the Trade Hub Rank on Ease of Doing Business

Country	Ranking 2013	Ranking 2012	No. of Export Docs Required	Time to Export (days)	Cost to Export Container (US\$)	No. of Import Docs Required	Time to Import (Days)	Cost to Import Container (US\$)
South Africa	115	145	6	16	1,620	7	23	1,940
Mozambique	134	135	7	23	1,100	10	28	1,545
Namibia	140	140	9	25	1,800	7	20	1,905
Swaziland	141	148	8	18	1,880	8	27	2,085
Lesotho	144	149	7	31	1,695	7	35	1,945
Botswana	147	152	6	27	2,945	7	37	3,445
Zambia	156	156	6	44	2,765	8	56	3,560
Malawi	168	165	10	34	2,175	9	43	2,870

Adapted from the World Bank Doing Business Index

The Trade Facilitation team has continued to research and to understand the factors and drivers that enable trade across and is ensuring that the modernization tools the Trade Hub are promoting and facilitating address the following elements:

- Efficiency of customs administration
- Efficiency of import-export procedures
- Transparency of border administration
- Availability and use of ICTs
- Improved regulatory environment

NATIONAL SINGLE WINDOW

At the beginning of FY2013, the Trade Hub set the goal of facilitating the adoption of the national single window as a trade modernization program in Botswana, Malawi and Namibia. A number of milestones were set to measure and track progress towards the key results of at least one or two of the governments making a formal decision to adopt the national single window. The team also developed a National Single Window (NSW) Roadmap which lays out key tasks and helps to identify areas where technical assistance is needed.



MALAWI NATIONAL SINGLE WINDOW

The Government of Malawi approved the establishment of NSW through a public-private partnership (PPP) at a Cabinet meeting on May 16, 2013, the first major result for Trade Facilitation in FY2013 in the region. The Malawi Minister of Industry and Trade (MIT) announced the decision at a press conference on May 22, indicating that Public-Private Partnership Commission of Malawi would be tasked to identify strategic private sector partners for the project.

The result and announcement followed a number of milestones supported by the Trade Hub to enable the Government agencies involved to present a sound case for adopting the single window to the Cabinet. These included the following interventions and milestones.

Initiation and Awareness Workshop: In conjunction with MCNet, the single window operator of Mozambique, the Trade Facilitation team ran workshops in Blantyre and Lilongwe on December 5-6, 2012 to promote and increase awareness of the benefits of a national single window as a modern trade facilitation process. More than 60 participants, representing interested stakeholders from the private and public sectors attended, including the Principal Secretary of the Ministry of Industry and Trade and the Commissioner of Customs. The workshops culminated in the Malawi government indicating its interest in adopting a national single window.

Induction Study Tour: The Trade Facilitation team arranged and supported a study tour to MCNet in Maputo, Mozambique, from April 30 to May 2, 2013, for a high level delegation made up of Principal Secretaries in the Ministries of Trade, Finance, and Justice, and Chief Executive Officers and senior officials of the Chamber of Commerce, Malawi Revenue Authority, MalSwitch and the Private Public Partnership Commission. The tour allowed them to see first-hand the modernization of operations, including the NSW platform, of the Mozambique Customs program

Review of Customs and Excise Act: In June 2013, the Trade Facilitation team assisted a Special Working Group consisting of customs and legal experts in completing the final draft amendments of the Customs and Excise Act. Once approved by Parliament, the Act will bring Malawi's legislation in line with modern era e-commerce tools and business practices to accommodate the NSW and other modern trade facilitation tools.

Implementation Facilitation: In July 2013, the Trade Facilitation team met with the Malawi MIT, Malawi Revenue Authority, Malawi Chamber of Commerce and Industry, and the Public-Private Partnership Commission to discuss the Malawi NSW roadmap and identify the technical assistance required to facilitate implementation. The project provided the Public-Private Partnership Commission

and the MIT with templates to enable the Commission to develop Expression of Interest and Request for Proposal documents to publicly solicit potential NSW strategic partners for developing a PPP.

After a follow up meeting in August 2013, the Government of Malawi set out an ambitious roadmap with key milestones, including:

- Phase 1(Months 1-9): Setting up the Steering, Technical Committees and a Project Management Unit; running stakeholder consultation workshops; preparing a funding proposal; reviewing all trade-related laws; conducting readiness assessments and business process reviews; and harmonizing data.
- Phase 2 (Months 10-12): Developing the business case and blueprint; identifying national partners for the PPP; issuing the RFP; and shortlisting strategic partners.
- Phase 3 (Month 13-24): Selecting partners and entering into agreements to start implementation.

While the timetable is aggressive with elections scheduled in 2014, the Trade Hub will provide technical assistance as appropriate in FY2014.

NAMIBIA NATIONAL SINGLE WINDOW

The Namibia Ministry of Trade and Industry confirmed that in September 2013 a Cabinet Decision Memorandum was submitted to the Cabinet recommending the adoption of a national single window. The matter is awaiting discussion and a decision by the Cabinet.

Implementation Facilitation: While the Cabinet memorandum was in circulation for comments and clearance by relevant government departments, the Trade Hub held meetings from April to September with the Ministries of Trade and Industry, the Ministry of Finance, and the Namibia Customs and Excise and the Walvis Bay Corridor Group (a PPP representing key stakeholders). The purpose was to assess the level of consensus on the national single window and to encourage the stakeholders to develop a national roadmap charting out where they want to go and how to get there. It offered a venue to map out the governance framework, roles and responsibilities and identifying areas for technical assistance support.

The Trade Facilitation team attended the Namibia Trade and Logistics Annual Workshop and presented on the NSW and the Trade Repository Project. This was a unique opportunity to discuss NSW benefits and roadmap with a large cross section of traders, logistics operators, and public and private sector stakeholders in one room.

Trade Facilitation team shared templates with guidelines and terms of reference for setting up a Steering Committee, Technical Committees and a Project Management Unit with the Ministry of Trade and Namibia Customs and Excise, who are both collaborating in providing thought leadership to the process. Both the Ministry of Trade and Industry and Ministry of Finance found the NSW Roadmap to be a useful tool for moving towards implementing a single window. Based on the Roadmap they requested our support going forward in the following areas:

- Supporting working committees/task teams to draw up a proposed NSW roadmap for presentation to stakeholders
- Supporting public awareness and consultation workshops
- Facilitating a high level delegation study tour to Ghana GCNET
- Aiding readiness assessments of other government agencies (Legal, ICT and Business Process Analysis)
- Developing the business case and model/blueprint for NSW

BOTSWANA NATIONAL SINGLE WINDOW

The Trade Hub efforts to support the Botswana Government in formally adopting a single window have been hindered by the bureaucracy. Initial indications of a government decision by early 2013 did not pan out and there were conflicting reports on the status. Further support will depend on the government making a formal decision to implement the single window. Despite the setback, the Trade Facilitation team did accomplish some useful milestones in trying to facilitate progress and to offer the government a way out of its self-made gridlock.

Induction Study Tour: The Trade Facilitation team facilitated a visit by a delegation comprising the Botswana Unified Revenue Services (BURS) Commissioner General and Commissioner for Customs; senior representatives of the Ministries of Finance and Trade; and an executive member of the Botswana Confederation of Commerce, Industry and Manpower (BOCCIM) to visit MCNet to see the national single window in operation in December 2012. The delegation found the visit useful but there was no clear plan of action afterward to drive the initiative forward.

Implementation Facilitation: From January to July 2013, the Trade Facilitation team pursued various channels to determine the Government's position and established that the matter was still not ready to go to Cabinet for a decision. The team also learned that the Ministry of Finance was advocating, under advisement from the Attorney General, that legislation be put in place first before seeking a Cabinet decision.

In July 2013, Trade Hub submitted a proposal to the Permanent Secretary for Economic Development and Finance and the Commissioner of Customs, laying out a tentative roadmap that Botswana could use to embark on some critical tasks while waiting for the legislation to be passed. The team also advised that a Cabinet decision did not have to wait for legislation to be passed; on the contrary a Cabinet decision would help the lead ministry to act with greater authority in securing the cooperation of other key Government agencies. A single window would not come into effect until the legislation is in place but that should not hold up important preparatory tasks.

On July 25, 2013, the Permanent Secretary for Economic Development and Finance, Chairperson of the BURS Board hosted a consultative meeting of senior government officials at which he explained the proposed new approach to implementing a National Single Window. The Trade Facilitation team assisted BURS in drafting a proposal to its Executive Committee and Cabinet Memo recommending the adoption of a NSW and appointing the Permanent Secretary MOF as the champion, and BURS as the lead agency pending the approval of enabling legislation by Parliament.

BURS indicated that the following actions are in process or should get underway.

- Tabling the following Bills to Parliament in November 2013:
 - ✓ *Electronic Communication and Transactions Bill (passed first reading in September 2013)*
 - ✓ *Amendments to the Customs and Excise Duty Act (Chapter 50:01)*
 - ✓ *Privacy and Data Protection Bill*
 - ✓ *Electronic Records (Evidence) Bill*
- Submission of a new Cabinet Memorandum to adopt a NSW, and appoint PS Ministry of Finance as the champion and BURS as lead agency. The Ministry of Finance will submit the memorandum while waiting for the legislation to go through Parliament and aim for a decision by December.

As soon as there is evidence of real progress securing a formal government decision on the single window, the Trade Hub will re-engage in programming further support.

CUSTOMS CONNECTIVITY

The Trade Hub made significant progress with the Botswana/Namibia Customs Connectivity Project in the early part of FY2013 including a successful live demonstration of the system in Windhoek, Namibia on December 12, 2012. This was a watershed point in the implementation of the project. The demonstration was attended by the Commissioners of Customs of Botswana and Namibia, accompanied by their directors and managers responsible for customs operating systems.

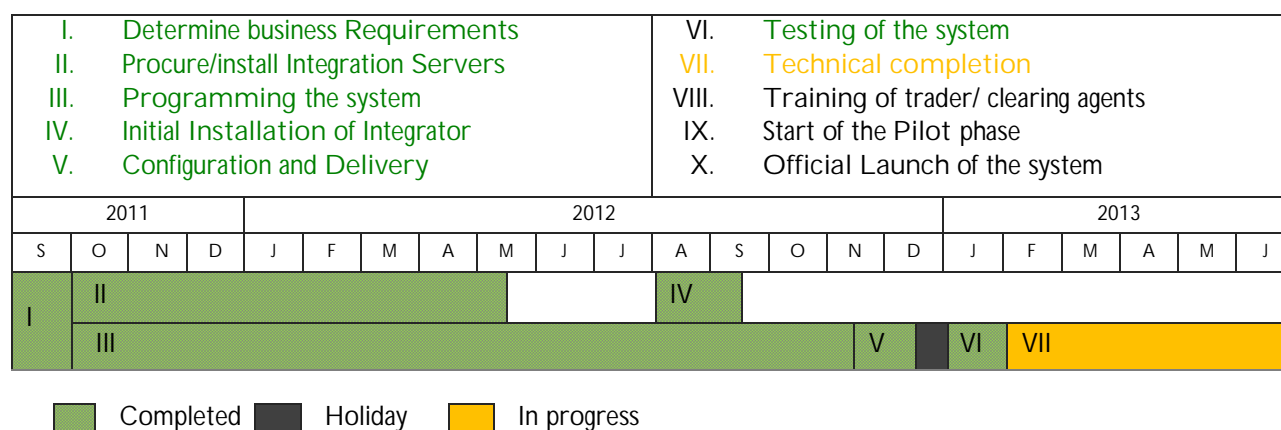
During the second quarter, the Trade Facilitation team completed a monitoring and evaluation exercise to generate an accurate baseline against which the impact of the system could be measured. The team studied the Customs Connectivity pilot implementation site at the Trans-Kalahari/Mamuno border post and completed a detailed analysis of the timings and costs of preparing Customs documentation and declarations.

The Trade Facilitation team also worked with clearing agents at the Trans-Kalahari/Mamuno border post to assess the quality and reliability of their internet connections. As the primary users of the connectivity system, any improvements to their internet connections would directly benefit the project. The Trade Facilitation team used a large mobile antenna to improve the signal strength available to the clearing agents. The exercise highlighted the limitations of the telecommunications infrastructure at remote border post locations.

The primary goal in the second quarter was system testing to identify and resolve technical issues. Despite considerable progress there remained a small number of critical issues that required assistance from United Nations Conference on Trade and Development UNCTAD¹ to access the source code (programming language statements) for ASYCUDA++, the Customs Management System used by Botswana and Namibia. Namibia and Botswana Customs submitted official requests to UNCTAD for access to the source code and UNCTAD in turn escalated these requests to the UN Legal Office in New York. Concerted attempts to expedite the matter through numerous contacts in the World Customs Organisation (WCO) and the UN have not yielded a breakthrough.

The early progress made was not sustained in the third quarter and fourth quarters, largely due to the continued unavailability of the source code. The table below shows the completed milestones and the stage reached.

TABLE 2: Customs Connectivity Schedule and Milestones

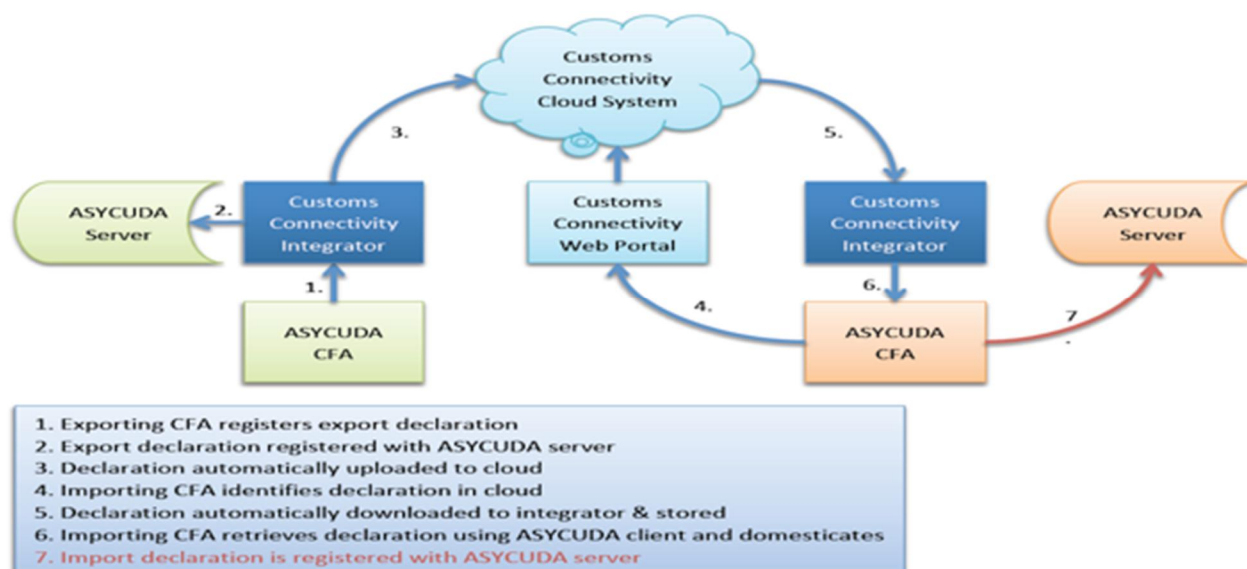


¹ UNCTAD provide ASYCUDA++, the Customs Management System used by Botswana and Namibia Customs

The Trade Facilitation team has explored a number of alternative approaches to complete the pilot and provide connectivity between the two Customs systems. An agreement was reached with both Customs administrations to introduce a revision to the system workflow, reducing the technical complexity and obviating the need for the ASYCUDA++ source code.

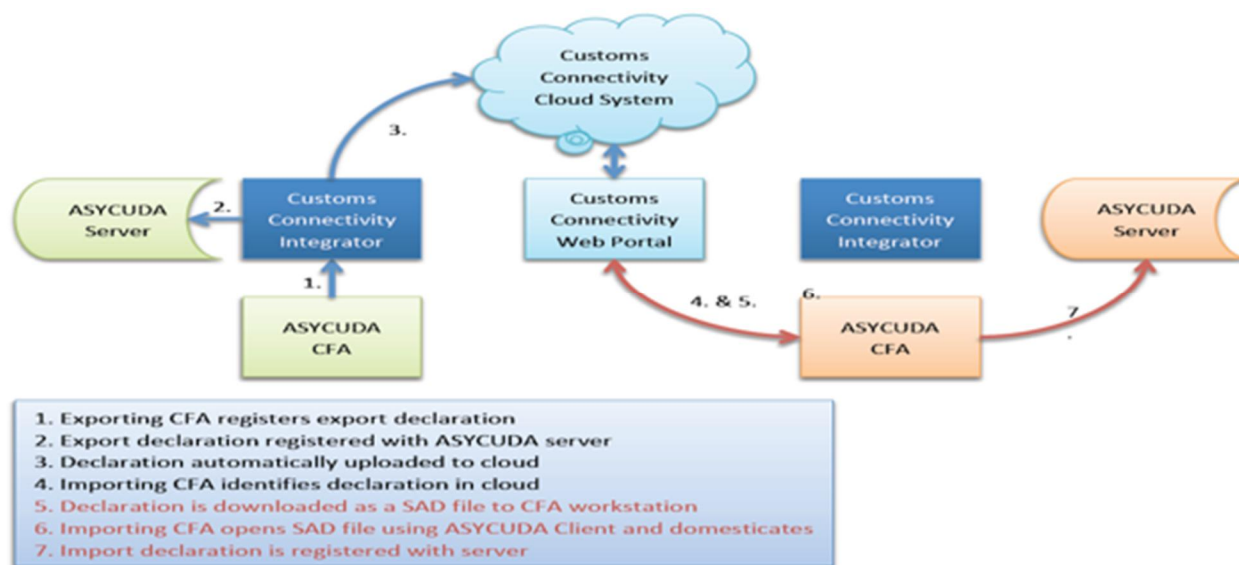
Figure 1 below shows the work flow as envisaged in the original system design. As demonstrated in Windhoek at the last joint Customs Connectivity workshop, the system is currently capable of completing steps 1 through 6. The declarations processed by the cloud system should be transferred automatically to the Integrator in the importing country, ready for retrieval and domestication by the clearing and forwarding agent (CFA). However, without access to the source code, successful completion of step 7 is not currently possible.

FIGURE 1



The proposed alternative is to replace the automatic declaration transfer to the Integrator, with a download process managed by the CFA. The workflow shown in Figure 2 highlights the steps modified to reflect this proposed revision. The first half of the workflow is as before: the export declaration is still automatically transferred to the cloud and converted to an import declaration; the difference is in the import declaration retrieval process. In the revised Step 5, the CFA downloads the converted import declaration from the Customs Connectivity Web Portal as a SAD file and in Step 6, uses ASYCUDA++ to domesticate this 'locally' stored declaration and make it ready for registration. The project now moves into FY2014 working towards the alternative approach agreed with all stakeholders, free from the dependency on UNCTAD a.

FIGURE 2



PARTNERSHIP FOR TRADE FACILITATION

After a long delay, Namibia Customs & Excise (NCE) officially confirmed in July 2013 that they would be the lead agency for the Trade Information Repository initiative funded by USAID's Partnership for Trade Facilitation.

The NCE Commissioner approved the implementation plan in August and formed an internal project team to lead the initiative and work as counterparts to experts provided by the Trade Hub. Preparations are underway to hold awareness and consultation workshops to secure commitment of the all ministries and agencies involved in trade matters, and to solicit inputs from the private sector.

The Trade Information Repository will provide a single online platform where all trade related information for Namibia is catalogued in one system and readily accessible to the trading community and public at large. The Trade Information Repository will be a modern web based system providing comprehensive, up-to-date information on trade laws, standards and procedures for anyone wishing to engage in trade with Namibia on any goods or services.

A significant part of the coordination and development work in setting up the Trade Information Portal will facilitate and shorten the road map towards implementing an electronic National Single Window.

COORDINATED BORDER MANAGEMENT

In November 2012 the Trade Facilitation team participated in Joint Border Committee (JBC) meetings at the Songwe and Mwanza borders to assess performance against the 2012 action plans. The main findings and progress included:

- most border agencies and customs forwarding agents' working hours were aligned with border working hours for more efficient border working;
- information sharing between border agencies and joint examinations of goods had been implemented;
- customs forwarding agents security bond levels for inland transit of goods was increased to allow inland clearance of goods and to relieve border congestion;
- the Ministry of Agriculture now issues Sanitary and Phytosanitary (SPS) certificates at the border.

The Trade Facilitation team also facilitated the completion of the JBC action plans for 2013 to continue improving border crossing time. In this process the Trade Facilitation team identified the following impediments which, if not addressed, will limit the impact of the JBCs in reducing crossing time and increasing revenue collected:

- unreliable and poor internet connectivity due to poor signal reception and power outages;
- the inland centralized Malawi Revenue Authority (MRA) Declaration Processing Centre introduced mid-2012 is still not operating effectively as staff are not fully trained or familiar with the new process;
- unfilled MRA positions at the border are reducing capacity to clear goods;
- regular power outages and lack of back up supply, i.e. generators;
- monitoring and evaluation of the impact of these action plans and processes has not been effectively done due to staff shortages and other resource absences;
- fraudulent declarations for imports continue to slow the clearance process

The progress made at the Songwe and Mwanza borders led to the MRA requesting the inclusion of the Dedza and Mchinji borders between Malawi/Mozambique and Malawi/Zambia, respectively, in the Coordinated Border Management (CBM) program.

In February 2013 the Trade Facilitation team conducted border operations assessments at Mchinji and Dedza as the initial step to implementing CBM programs at these borders. The team assessed processes for clearance of commercial goods to determine the time trucks require to clear through these borders. The Trade Hub identified the following as the key issues and challenges:

- Inadequate coordination between agencies at the borders with each carrying out their own separate inspections.
- Staff shortages, particularly for the MRA.
- MRA information network experiences downtime and power outages.
- Inadequate office space and office furniture for most agencies.
- Poor basic facilities and equipment, such as phone, fax, internet and computers.
- Inadequate infrastructure for physical examinations (i.e. no scanners, offloading machines, no inspection shed).
- Delays by importers in paying duties particularly during weekends.
- The location of Dedza is a major problem for control and monitoring of vehicles crossing the border, as they can cross without going through a controlled checkpoint. A major review of infrastructure and investment is required in order to address this.

The Trade Facilitation team established baseline crossing times for Mchinji, and despite the challenges identified, crossing times at this border are reasonable (averaging three hours for exports and imports). This is due to the low volume of traffic and the fact that most of the goods are pre-cleared. At Dedza, due to challenges including the public service strike, the project could not collect adequate data to assess crossing times.



The Trade Hub team presented its findings and recommendations to the Malawi Government, including pointers on what they can do to make improvements on a self-help basis in creating a CBM program at these borders, but decided not invest further efforts at these borders during this year.

In March 2013, Trade Facilitation team conducted border performance reviews for Mwanza and Songwe borders to evaluate whether the CBM program is making positive impact on these borders in terms of reducing the crossing times. Significant progress has been made, including

improvement on Declaration Processing Centre operations, network improvements, and recruitment of staff. The evaluations showed improvements in crossing times for exports and imports by 23% and 38% respectively for Mwanza and 60% and 40% for Songwe. This translates into an overall performance increase per border of 25% and 54% for Mwanza and Songwe respectively, compared to the baselines. In both cases we exceeded the target of 20% improvement set for the end of the program in FY 2014. These have reduced crossing times for Songwe border from 15 hours baseline to about 6 hours.

In June 2013, the Trade Facilitation team reactivated support for JBC at Kasumbalesa and Nakonde borders in Zambia, where the team facilitated JBC meetings to assess progress and challenges in implementing their work plans and to identify actions critical for achieving border efficiency. Some notable improvements include providing service during lunch times by all agencies, fast tracking movement of documents within Zambia Revenue Authority (ZRA) for processing and increased staffing levels.

The performance review at Kasumbalesa had to be aborted as a result of security concerns following the unfortunate shooting of a driver on the DRC side of the border. Although no data was available to assess the border performance against crossing time baselines, it was noted that the Kasumbalesa JBC was on course in implementing the JBC Action Plan. The last border performance review conducted in 2012 indicated that Kasumbalesa border's average crossing times had improved by 30% compared with the baseline times of 2011, which again exceeded the target of 20%.

The Trade Facilitation team conducted a performance review at Nakonde border which confirmed that the border managed to maintain the 2012 efficiency improvements recorded at 24% compared with the crossing times from the 2011 baseline.

The CBM program has been able to demonstrate positive results in terms of reducing the border crossing times for trucks at the borders implementing the program; however, to achieve further reductions in border crossing times, there is need for governments to adopt other trade facilitation measures, such as Risk Management and Preclearance and Post Clearance Audit, as well as attending to infrastructure and staff challenges identified.

OTHER TRADE FACILITATION ACTIVITIES

SADC Information and Communications Technology Strategy: In October 2012, SADC developed a Customs ICT Strategy, which identified and harmonized ICT initiatives within the SADC Region. The Trade Hub supported and participated in the first SADC Customs ICT Strategy Workshop, at which SADC ICT Directors approved the strategy, which includes areas such as electronic certificate of origin and Customs Connectivity. In September 2103, the project reviewed current administrative processes in the issuance and verification of Certificates of Origin in Zambia and Botswana, assessing current processes and identifying improvements which could be made before automation of the electronic certificate of origin. SADC Secretariat accepted our recommendations, and will convene a meeting of all SADC Customs Administrations in November 2013 to agree on improvements before electronic certificate of origin is piloted.

WTO Trade Facilitation Workshops for Namibia and Botswana: The Trade Facilitation team facilitated the WTO-supported Self-Assessment of Needs and Priorities Workshops in Botswana and Namibia. The assessments reviewed the readiness and priorities of Botswana and Namibia in the implementation of WTO trade facilitation measures. The workshops provided useful insights into government priorities and plans for modernization of their trade regimes, and in particular the areas that we support, such as the NSW, customs connectivity, coordinated border management, one stop border posts and the Trade Repository.

Trade Hub Support leads to launch of Zambian Customs to Business Forum: The Trade Facilitation team supported and facilitated the launch of the Zambia Customs to Business Forum. The Forum supports our goal of increasing collaboration between the public and private sector and paves the way for the adoption of modern trade facilitation tools such as Customs Connectivity / Electronic Data Interchange, National Single Window and Coordinated Border Management. Customs to Business Forums are being set up in all Southern African countries as part of the modernization and trade facilitation program of SADC Customs Unit.

AGRICULTURAL VALUE CHAINS

Early in FY2013, the agricultural component work plan was redesigned to focus on the following four primary result areas across the targeted value chains of maize, groundnuts and soybeans:

- Improved Market Linkages;
- Improved Standards and Quality;
- Enhanced Agriculture Value Chains;
- Strengthened Regional Organizations.

These areas represent major constraints and opportunities to improved regional competitiveness across the targeted value chains, and is developing and supporting sustainable, private-sector-based solutions. The Agricultural Value Chains team made good progress this year, with notable milestones achieved.

With most agriculture investments being seasonally based and many of the initiatives having started this year, results will not be fully realized until next year. A notable exception has been the performance of the Strategic Partnership Grants (SPG), which are structured as discrete one-year projects with clear short-term objectives and partner cost-share. The Strategic Partnership focus on South African investment and technology transfer to the region has been successful to date, resulting in notable achievements across all of our targeted value chains.

General highlights include:

- Support to 169 private enterprises and organizations across our targeted value chains
- Integrated support to commercial adoption of 12 new agricultural technologies and management practices including: warehouse receipts; aflatoxin mitigation measures; grain grading and standards; warehouse management; hybrid seeds in all three value chains; advanced soil testing and mapping
- Facilitation of more than US\$2 million in new agricultural financing for staple food processing and production
- Development and signing of 6 Strategic Partnership grants supporting South African outward investment and technology transfer in the region
- Development of 12 public-private partnerships to support private-sector investment in targeted value chains
- 15,000mt of new storage facilitated in rural Zambia through grant support
- Multiplication and commercial distribution of 80mt of drought tolerant hybrid maize seed in Malawi through a grant supported partnership of independent seed companies in Malawi and South Africa
- 920 small-scale cotton farmers in Zambia enrolled in an enhanced contract grower scheme to introduce soybeans into cotton rotation

IMPROVED MARKET LINKAGES

The focus of this result area is development of storage infrastructure, grading and management capacity and market structures to effectively link small holders to storage services and formal markets and address the high levels of post-harvest loss in the region. The Agricultural Value Chains (AVC) team organized support in this area around the development and expansion of warehouse receipts as a sustainable commercial framework and incentive for expanding agricultural trade services including storage, grading, finance and marketing.

Key achievements this year include:

Expanded and Strengthened Warehouse Receipts Systems: At the beginning of this fiscal year, we commissioned a consultant to review progress on the Malawi Agricultural Commodity Exchange (ACE) warehouse receipts system development, following the Trade Hub's work the previous year in developing the underlying rules and processes for the warehouse receipts system. This review found significant growth, especially in the use of warehouse receipts by small holders and MSME traders.

Between 2011 and 2012, warehouse receipt financing increased from just US\$10,000 to almost US\$150,000, with an increase of individual receipts from 3 to 63. In FY 2013 financing value increased by an additional 41% to \$207,925 this year. However, this increase was achieved on 50 individual deposits, representing a 20% decrease from FY 2012. ACE attributes these numbers to high early season prices. This market condition explains the higher finance value and also explains decreased deposits – higher relative prices encourage farmers to sell immediately rather than store and wait for better prices.

In addition to the increase in WRS finance, ACE expanded its certified storage base by 4 additional facilities and 15 collection points. Prices reduced receipt trade, but in other associated areas ACE saw huge gains. In particular, the total finance ceiling for receipts and forward contracts went up by a factor of 10 to more than \$1.5 million. Although the system has seen huge overall improvements in finance availability, all of this increase has come from one participating bank, First National Bank. In the coming year, the AVC team is targeting further improvements in both total finance and speed to market by increasing the number of banks loaning against warehouse receipts (see “Regional Warehouse Bond Product”, below).

In FY2013, the Trade Hub also planned to support the Zambian Agricultural Commodity Exchange (ZAMACE) to develop rules and processes for the introduction of warehouse receipts in Zambia. However, unlike Malawi, Zambia has developed specific legislation governing warehouse receipts and the development of the system cannot begin until the Ministry of Agriculture issues a “statutory instrument” to operationalize the legislation. The project is working with ZAMACE and other partners to advocate for this government action, and will be ready to support development when it is issued.

Grain Grading and Storage Management Training: The Trade Hub developed and rolled out a rigorous 12 day training program focusing on grain grading, trade standards and storage management across the region. The training targeted medium to large scale commodity buyers and storage operators with the objective of reducing post-harvest loss and increasing standards-based procurement in the maize and soybean value chains.

The project sponsored five trainings workshops (two in Malawi, two in Zambia and one in Mozambique) in which 114 trainees from 46 storage operators across the region, representing an estimated 350,000 mt of storage capacity, have been trained. In Malawi, where the Trade Hub is currently supporting a warehouse receipts system, training was provided to new certified storage operators to support expansion of the storage capacity of the system. This year, ACE added 4 new facilities and 15 new rural collection points.



The trainings began in Quarter 3 of this year and as such, it is too early to assess impact on storage losses or procurement, but initial results indicate that a number of management practices have already been implemented, attesting that the curriculum is very relevant to operators' needs. In the coming year, the project will continue the training workshops and carry out impact assessments.

Regional Warehouse Bond Product: From the Malawi experience, it is clear that a key constraint to the growth of warehouse receipts, especially among small holders, is the availability of finance at deposit. In order to address this constraint, we supported African Trade Insurance (ATI) to develop a warehouse bond product to provide risk mitigation services to lenders. Although coverage for normal risks (fire, flood, theft, etc.) are available locally, banks are hesitant to loan against receipts due to the risk that storage operators may allow quality loss or may misappropriate deposited commodities leading to depositor default. The proposed ATI warehouse bond will insure deposit at certified, covered facilities, reducing lender risk.

Following a Trade Hub supported market assessment in Malawi, ATI submitted the concept to its board in Quarter 3 and received approval to develop a specific product. In the coming year, the AVC team will further support ATI to develop the bond product and a price quotation based on specific operators in Malawi and Zambia. If the product can be offered at a reasonable price, it should have an immediate and significant impact on the scale of deposits and agricultural lending.

IMPROVED STANDARDS AND QUALITY

Sustained food security requires that regional agriculture move from a largely domestic, subsistence based industry to a more commercial and internationally competitive basis. A key requirement to achieving this is the ability of the industry to meet international standards. Within the targeted value chains, the Trade Hub focuses particularly on the issue of aflatoxin contamination. Aflatoxin levels, particularly in the groundnut sector, represent the primary obstacle to immediately increasing trade and income from the sector. Additionally, aflatoxin is a major food security concern from the standpoint of food safety and human health. In this area, the project aims to capacitate the private-sector to reduce aflatoxin within commercial supply chains in order to access more lucrative export markets. Bilateral projects focus more on farm-level agronomic and household nutrition initiatives and we seek to complement this through downstream / export focused support.

Key achievements this year include:

Best Practice in Groundnut Handling and Procurement: In partnership with Twin Trading, supported commercial groundnut sector through development and training on a best practice guide for aflatoxin mitigation in groundnut procurement and storage. The "Aflatoxin Roadshow" across Malawi, Mozambique and Zambia, reached 94 industry participants representing producers and producer organizations, traders, processors, NGO projects, researchers and regulators. The training presented a menu of suggested procurement and management practices including: in-field drying; in-shell buying and storage; point-of-sale grading and differential pricing. Year-end follow up with participants suggests that there is general agreement on the efficacy of suggested practices, but that they require significant investment and time to implement. The AVC team will continue to monitor training participants to evaluate the impact of the training.

Groundnut Blanching and Grading Training: Following up on the introductory roadshow, the Trade Hub's strategy has been to move downstream with our aflatoxin interventions – complementing multiple bi-lateral, farmer-level trainings and focusing on supporting increased intra-regional trade in aflatoxin compliant nuts. In quarter four, we began the first regional training on processing techniques to remove aflatoxin from the commercial supply chain. In Malawi, 43 trainees from 17 organizations attended the training. One training workshop was held for SME processors (e.g. peanut butter, therapeutic foods, snacks), and one training was held for village-level processors to demonstrate techniques at different scale and with different equipment. In the next year the training will be organized in Zambia and Mozambique.

Initial results indicate that the technique as applied by small scale processors might also be applicable to reducing aflatoxin in home cooking. The Trade Hub will share these findings with bi-lateral partners for possible application to their activities.

Central African Seed Services (CASS) / Jungle Beat Strategic Partnership Grant: A key aspect of this approach across result areas is to utilize Strategic Partnership grant resources to develop regional linkages and to demonstrate the commercial viability of sector investments. In the groundnut sector, South Africa's domestic production is plummeting and there is great opportunity for countries in the region to meet this growing shortfall. We provided grant funding for the purchase of a sorting and grading line to allow a Zambian peanut butter processor, Jungle Beat, to provide aflatoxin compliant nuts to CASS in South Africa.



Initial results from the grant have been very positive. Based on the technological capacity to grade and meet export requirements, the firm off-take agreement that is integral to the grant project and the support of the Zambian DCA guarantee, Jungle Beat has been able to source US \$1.8 million in commercial working capital finance. This is expected to increase the company's small holder procurement from approximately 2,700 mt last year to more than 7,000 mt this year, resulting in up to an estimated US\$6 million in exports in the next fiscal year.

Southern African Grain Laboratory (SAGL) / Vetlab Strategic Partnership Grant: In the area of quality standards and laboratory testing, the Trade Hub is supporting private investment to upgrade and accredit testing services in a Zambian commercial laboratory. Over the years, significant donor support has been provided to government laboratories. Equipment and training has been provided, but accredited services that meet international requirements have yet to be achieved. With increased private sector investment in agriculture, commercial services are becoming feasible, and a grant to the South African Grain Laboratory to facilitate investment in, and accreditation of, a local commercial laboratory. Local availability of reliable, accredited testing will improve the competitiveness of Zambian feed and food products and reduce the high lead-time and cost associated with Zambian agricultural exports.

ENHANCED AGRICULTURE VALUE CHAINS

The agriculture sector across the region is characterized by very low levels of productivity. This is largely due to poor application of agricultural technology, especially in food crop value chains. Low productivity means low yields and low income for farmers. In this area, the Strategic Partnership grants to bring investment and technology to the regional production sector through sustainable, commercially-based activities. Through the SP grants mechanism we facilitated increased use of new hybrid seed in all three targeted value chains and are supported increased leverage of cash-crop out grower investments for food crop production.

Key achievements include:

Improved Drought-Tolerant Hybrid Maize Seed Commercially Available: Through a Strategic Partnership grant that pairs two independent regional seed companies, Capstone Seed in South Africa with Peacock Seed in Malawi, the AVC team facilitated the multiplication and commercial distribution of 80 mt of CAP 9001 drought tolerant hybrid maize. Peacock Seed is currently marketing the certified seed in 10 kg packs to the small holder market and expects as many as 8,000 farmers to purchase and benefit

from the improved seed. In the coming season, Peacock Seed will import CAP 9001 parent seed without grant support on a commercial basis.

NWK / Dunavant Cotton Strategic Partnership Grant Demonstrates Private Sector Investment in Food Crops: Across the region there is a two-tiered agricultural structure, with private sector investment focused primarily in cash crops (e.g. cotton, tobacco, sugar, etc.), and food crop investment left predominantly to governments in the form of input subsidies and government extension services. However, as global demand for food is increasing, private sector investment in food production in the region is also growing, and the Trade Hub believes that this model of expanding and leveraging cash crop out grower networks offers a real potential to cost-effectively integrate small holders into commercial food crop production.

This year, the Trade Hub made a Strategic Partnership grant to NWK to bring finance, quality inputs and cutting edge agricultural technology to an initial group of 920 small holder and emerging commercial farmers in Zambia, to add soybeans to their cropping rotation. Participating farmers will be provided with inputs, agronomic training, and “I receive” mobile technology, which includes bulk SMS to advise farmers on production and marketing opportunities. NWK/Dunavant has completed the development of a soil mapping database, which will overlay new soil testing information on existing soil type maps to develop specific amendment and rotation plans for farmers. To date, 250 samples from small holder farms have been analyzed and mapped. Grant funding supports the upfront costs of developing these technological services for farmers, and NWK will make them available to farmers through their out grower network.



FY13 marked the beginning of implementation of the Strategic Partnership grants, focused on encouraging South African investment and technology transfer to the region. The Trade Hub seeks to make use of the Strategic Partnership grant funds across all result areas to expand private-sector engagement and develop practical, commercial demonstrations of supported technologies and practices. The range of activities and the quality of the partnerships developed this year is reflected in the accomplishments that were achieved within this first year of implementation. Because of a strong focus on activities where commercial and project objectives overlap and on clear grantee ownership and meaningful cost-share, the SP grants have been very successful. However, the project struggled to identify and develop enough strong initiatives outside of Zambia where investor interest is greatest. In the coming year the Trade Hub will put additional resources into developing more SP grants in Malawi and Mozambique.

The table below summarizes the grants made to-date and anticipated concepts pending submission and approval for the first quarter of FY 2014.

TABLE 3: Strategic Partnership Grants Pipeline

Grantee	Committed	Country	Amount	Description
Obligated				
CASS	12/1/2012	Zambia	100,000	Provision of groundnut sorting / grading equipment / export
CAPSTONE	9/27/2012	Malawi	100,000	Introduction of new hybrid maize variety to Malawi
AFGRI	12/7/2012	Zambia	100,000	Installation and operation of 15,000 mt of grain storage
SAGM	12/1/2012	Zambia	100,000	Groundnut seed provision and outgrowing / export
NWK	5/22/2013	Zambia	100,000	Soy seed provision and outgrowing
SAGL	9/30/2013	Zambia	100,000	Commercial lab service accreditation
Submitted				
IKURU	not approved	Mozambique	100,000	Groundnut handling and processing for export
SENWES	not approved	Malawi	100,000	Finance and production tech for small holders
Identified/Pending Submission				
Roff Milling	Proposal	Zambia	100,000	Maize processing and storage
Spintelligent	Proposal	Zambia	100,000	AgriTech Expo regional marketing
NuTrade Africa	concept	Mozambique	100,000	Groundnut seed provision and outgrowing / export
ABC Hansen	concept	Malawi	100,000	Soy processing and storage
Export Trading Group	concept	Malawi	100,000	Third Party Storage development
Meridian Group	concept	Malawi	100,000	Third Party Storage development

STRENGTHENED REGIONAL ORGANIZATIONS

The development of meaningful support to membership organizations is a long and often complex process. In this year, the AVC team engaged with a number of industry organizations across our targeted value chains and conferred with industry stakeholders about a range of potential support. Within the value chains, regional associations offer unique opportunities to provide two key services for improved agricultural competitiveness. In the critical seed industry, the SADC Seed Harmonization Protocol has recently come into force. Organization of the industry on a regional basis will allow for efficient education of industry stakeholders and effective industry advocacy in the implementation of the protocol.

As agricultural investment and trade increases in the region, the private sector is increasingly demanding relevant, accurate and timely market information. For the most part, however, governments in the region are not able to provide this level of information. Associations are well placed to gather sector specific information and provide it to industry stakeholders.

The AVC team was able to develop concrete agreements with the Southern African Confederation of Agricultural Unions



(SACAU) and the South African National Seed Organization (SANSOR) to support specific market information products for their regional members. The Trade Hub also began broad-based consultations with national seed trade associations in the region and the African Seed Trade Association (AFSTA) to develop an industry approach to support for the SADC Seed Harmonization Protocol.

TEXTILES AND APPAREL

The textiles and apparel industry is important to Southern Africa, and the Africa Growth and Opportunity Act (AGOA) continues to be the centerpiece of the U.S.-Africa commercial relationship. Since inception, exports from Africa to the U.S. under AGOA have grown from US\$8.15 billion in 2001 to US\$53.8 billion in 2011. Of that amount, textiles and apparel amounted to US\$850 million (source: USITC). In spite of this significant growth, Africa's share of the U.S. apparel market still only amounts to 1% suggesting that there are opportunities for Africa to increase its market share.

Also, many existing garment producers in East and Southern Africa are increasingly targeting exports to South Africa. South Africa has emerged over the past decade as a significant importer of apparel; SACU's apparel imports (most of which are for South Africa) have increased nearly 250% in the last decade reaching \$1.5 billion worth of apparel products in 2012. At the same time, China's competitiveness is being eroded by rising costs (mainly wages) and the cost and time to deliver goods to market. Close proximity to the SACU market and the flexibility of supplying smaller volumes are also seen as competitive advantages.

The Trade Hub activities and interventions in the Textiles and Apparel sector contribute to the Project's overarching objective of increasing international competitiveness and intra-regional trade in Southern Africa. Specific goals for our work in the sector include:

- To increase the amount of regional and international trade in textiles and apparel products
- To expand the level of awareness among key international buyers and investors of the opportunities emerging in the region's textiles and apparel industry.
- To increase awareness of policy, regulatory, infrastructural, business climate improvements that will enable growth in textiles and apparel (and other types of light manufacturing) in the region.

SOURCE AFRICA 2013

Based on feedback from international and local buyers at the Trade Hub's 2011 business-to-business (B2B) event, the thrust of the work plan in this component became the transformation of the B2B event into a fully-fledged textile and garment value chain trade show.

In FY2013, it was agreed that LTE South Africa, an events management company with extensive experience in the garment and textile industry would host the private sector trade show that would be open to all SSA value chain firms. This development of a private company, rather than the Trade Hub, promoting and financing the event marked a significant step towards sustainability, and laid the foundation for USAID to support one flagship event for the textiles and garment industry.



The Trade Hub would continue to run the business matchmaking event, on an invitation only. In addition, it was decided that business seminars will be hosted on the sides of the event to address why sourcing from Africa make sense, to explain what buyers want from Africa and highlight investment opportunities.



Source Africa took place on April 9-12, 2013 in Cape Town, South Africa, the home of the largest garment buyer cluster in SSA (there are 19 apparel retailers' head offices in Cape Town, including Woolworths, Pep, the Foschini group, the Truworths group, Cape Storm, Cape Union Mart and Queenspark). LTE ran the exhibition, the American Apparel & Footwear Association (AAFA) and African Cotton & Textile Industries Federation (ACTF) mounted the seminars and power breakfasts; and the Trade Hub organized the B2B event.

The inaugural event was a success, attracting 170 exhibitors, more than 1,400 industry visitors, and 36 representatives of international brands and retailers. Participants included representatives from the following international brands: Adidas, Amer Sports Sourcing, Ash City Worldwide, Chico's, Edun, Destination XL Group, Kunshan New Wide, Levi Strauss & Co, Mantis World, Naartijie Clothing, New Balance, Nike, Polo, PVH Corporation, Topline Agencies, YKK, Ralph Lauren, Salmon, Anna Pardal, Responsify AB (H&M), Puma and Orchestra Asia.

The following African countries participated: Benin, Botswana, Cote D'Ivoire, Egypt, Gambia, Ghana, Kenya, Lesotho, Madagascar, Mauritius, Mozambique, Nigeria, South Africa, Tanzania, Zambia and Zimbabwe.

Seminars covered topics such as infrastructure, logistics and transportation obstacles and best practices focusing on getting a product to consumers. Keynote speakers included Erica Barks-Ruggles, U.S. Consulate General in Cape Town, Jeff Borns, USAID/Southern Africa Mission Director, and Lionel October, Director General of the Department of Trade & Industry (DTI) in South Africa.

The event was preceded by extensive promotion and other activities including:

- Contacting over 100 U.S. buyers and several media outlets and technical service providers as well as roundtable discussions in New York, Los Angeles and Miami with over 50 representatives of the apparel industry.
- Contacting over 32 associations, 57 brands and 14 media outlets in Europe.
- Working primarily with national trade & investment agencies in coordinating country collection pavilions.
- Holding promotional workshops in Ethiopia, Kenya and Tanzania to galvanize interest from East Africa's textile and apparel industry for the trade expo and matchmaking opportunities.
- Organizing a pre-event visit by AAFA to Southern Africa to assess textiles, apparel and footwear opportunities for AAFA's members.
- Supporting a Supplier Training Program in Lesotho, Mozambique and Botswana involving over 40 companies to prepare companies on successful exhibition practices, in preparation for the Source Africa tradeshow.

During the fourth quarter of the year, most of the efforts of the Textiles and Apparel team were focused on working with event organizer LTE South Africa and the AAFA to develop plans for *Source Africa* 2014, slated for Cape Town from May 6-8, 2014. In August, the team met with LTE and agreed on:

- a work plan outlining tasks, roles, responsibilities and timelines
- event promotion (regional and international) and communication
- B2B and seminar components
- buyer and supplier recruitment (regional and international)
- incentives for country/provincial pavilions
- event budget
- key partners and key stakeholders

Promotional efforts commenced during the African Growth & Opportunity Act (AGOA) Forum held in Addis Ababa, Ethiopia in August 2013. Ethiopia, which did not attend Source Africa 2013, is most likely to attend Source Africa 2014, to promote its growing textile, garment and footwear industries.

The Textiles and Apparel team, together with LTE, met with some of South Africa's major clothing retailers to understand sourcing requirements in the region and to discuss Source Africa. Retailers included Edcon (Pty) Ltd, Markham (part of the Foschini Group), Truworths, Woolworths, Massmart/Walmart as well as the National Clothing Retailers Federation. More meetings will be held with the Pepkor Group, Cape Union Mart, Naartjie, Mr Price, H&M, Zara and Top Shops. The retailers expressed interest in supporting Source Africa 2014 and indicated a growing interest in sourcing from within Africa, particularly Ethiopia, Mauritius and Tanzania. The current foreign exchange rate, speed-to-market, and increasing costs in Asia are the chief factors behind the move to sourcing from the region.

Source Africa is endorsed by AAFA, ACTIF, the Apparel Manufacturers South Africa (AMSA), the South Africa Department of Trade and Industry (DTI), Leading Women of Africa, Lesotho National Development Corporation (LNDC), the South, African Industry Export Council (SATIEC), among many others.

MARKET LINKAGES

The Textiles & Apparel team facilitated a number of B2B linkages during the year, some which have yielded results, and others that have yet to result in concrete orders.

- Lindenwear, who met with Truworths at the Trade Hub's 2010 and 2011 B2B events, exported an initial sample order of 500 units to Truworths via a South African agent, followed by exports of 18,000 units in six different styles. Lindenwear's exports have continued to increase, reaching 60,000 units in more than a dozen styles and brands.
- Kwintet, a leading company for professional wear in Europe, was introduced to seven different Lesotho manufacturers. Kwintet is looking for new garment manufacturers who can produce work wear, uniforms, outerwear, shirts, blouses and suits under its major brands.
- The Trade Hub linked Markham, the largest stand-alone men's fashion retailer in South Africa, with Arvani Socks and PDF Garments, two leading sock replenishment manufacturers in Mauritius.



- The Trade Hub linked Clotex, a representative organization of small and medium enterprises (SMEs) in the South Africa textiles and apparel industry, with Spunchem and Cordustex who produce spun bond fabric in Southern Africa.
- The Trade Hub linked Edun, a fashion-focused US brand with Craft Aid, Vieo Industries and Maputo Clothing for men's and women's wear production.

INVESTMENT PROMOTION

In the third quarter, the Textiles & Apparel team completed assessments of opportunities for foreign direct investment in garment manufacturing in both Botswana and Mozambique, from which we developed multi-year road maps support to each government's plans to address remaining issues that are impeding growth and investment. The final documents were shared with Government of Botswana and the Government of Mozambique.

During the fourth quarter, the Textiles & Apparel team completed site visits to Nampula and Nacala in Mozambique to analyze the feasibility of establishing textiles and garment industries inside the Nacala Special Economic Zone and along the Nacala corridor. The visit was coordinated by Mozambique's Special Economic Zones Office (GAZEDA). Nampula Province, Mozambique's cotton hub, is priming itself to become the country's growth pole with help from many infrastructural developments. The project will work with GAZEDA, CPI and the Ministry of Industry & Trade to share ideas and recommendations and for Investment Action Plan that would lay the groundwork for investment promotion in the sector.

Alongside significant opportunities in the region for the textiles and apparel industry there are challenges that will take time to address (see table 4 below). With the current resources and time frame left in the project there is not much more that the project will be able to do on investment promotion.

TABLE 4: Structural Challenges Affecting the Textiles and Apparel industry in Southern Africa

Challenge	Effects	Solutions
2. Skill and Productivity levels in Southern Africa are relatively low	<ul style="list-style-type: none"> • High production costs • Disincentive to foreign investment • Lower levels of employment, trade and investment across all sectors. 	<ul style="list-style-type: none"> • Foreign Direct Investment by established industry players • Vocational training programs / incentives for private sector training.
3. Utilities are generally in scarce supply and/or are unreliable and often expensive	<ul style="list-style-type: none"> • High production costs • Disincentive to foreign investment • Lower levels of employment, trade and investment across all sectors 	<ul style="list-style-type: none"> • Regulatory reforms that encourage private sector investments in generation, including clean energy
4. Access to finance; particularly for financing working capital such as input supplies.	<ul style="list-style-type: none"> • Constrains activity and investment of existing manufacturers and traders • Disincentive to foreign investment • Over-reliance on imported goods rather than manufactured goods 	<ul style="list-style-type: none"> • Government sponsored interventions in the financial sector; such as loan guarantee programs.
5. The time and cost of trading across borders is high and volatile	<ul style="list-style-type: none"> • High production costs • Disincentive to foreign investment • Lower levels of employment, trade and investment across all sectors 	<ul style="list-style-type: none"> • Trade Facilitation efforts such as connectivity, coordination and streamlining/integration

INCREASED AGOA UTILIZATION

Better Use of AGOA Study: The Textiles and Apparel Team finalized the Better Use of AGOA study, designed to encourage investment in Southern Africa's textile industry by educating buyers on the significant tariff advantages of AGOA while letting suppliers know how best to attract buyers to the region. The study includes interviews with US sourcing executives and retailers.

AGOA.info website: A new AGOA.info website was launched in July 2013 and promoted to organizations during the AGOA Forum in Addis Ababa in August 2013 attended by the Brookings Institution, Foundation for Democracy in Africa, Manchester Trade, Lesotho National Development Corporation, Zambia Development Agency, Ethiopian Leather Industries Association, East Africa Coffee Exporters Association, African Cotton & Textiles Industry Federation and representatives from the SACU Secretariat.

CLEAN ENERGY

The Trade Hub activities and interventions in the area of energy are framed by the USG's energy policy, ACTE and the Clean Energy (CE) initiative, and are aimed to create a sound policy and regulatory framework for promoting sustainable, low emissions development through a range of clean energy activities.

Southern Africa critically needs adequate, reliable, affordable, environmentally safe and quality energy for economic growth, increased international competitiveness, increased inter-regional trade and food security. Currently, the regional energy scenario is characterized by:

- Inadequate regulatory environment to encourage and facilitate investment in clean energy.
- Power shortages primarily due to old, less robust infrastructure and inadequate investments in generation and transmission infrastructure over the past 20 years.
- Low access to electricity. Regional access averages 30%, ranging from below 10% (DRC and Malawi) to over 80% in South Africa, compared to a world average of 75%.
- Underutilization of the abundant clean energy resources such as hydro, bagasse, wind and solar, which if harnessed, could increase security of supply, improve standards of living and help reduce greenhouse gas (GHG) emissions in the region.
- Overutilization of biomass such as wood fuel. On average over 80% of the people in the region depend on firewood and charcoal to meet their household energy needs. This has put forest resources, the source of wood fuel, under pressure causing localized shortages and environmental degradation in some areas.

SUPPORT FOR REGIONAL INSTITUTIONS

The Clean Energy Team supported the development of the Regional Electricity Regulators Association of Southern Africa (RERA) Strategic Plan for the period 2013 – 2017. Together with RERA, the project arranged and facilitated a Strategic Planning Workshop in October, 2012, in Pretoria, South Africa. Fourteen participants from member regulators affiliated with RERA from Namibia, Mozambique, South Africa, Tanzania, Zambia and Zimbabwe attended the event. The workshop made recommendations around the following high level strategic objectives for RERA to pursue in the period 2013 - 2017.

- New strategic objectives focusing on developing an enabling regulatory environment for access to and operation of a viable regional energy market.
- Promoting and facilitating regional integration and harmonization of policies and regulatory frameworks.
- Issues related to RERA's future organizational structure and operations.

The Strategic Plan was presented during RERA's 10th anniversary in Windhoek, Namibia in November, 2012. RERA intends to use the SADC Energy Protocol to guide its program for harmonizing national energy policies, legislation and regulatory frameworks with focus on conditions for increasing access to transmission capacity, cross-border tariffs and promoting co-operation between regional energy regulators. RERA continues to be a strategic partner for rolling out regional clean energy initiatives and success models as it has the mandate of SADC to harmonize clean energy regulatory frameworks in the SADC region. In FY 2014, the project intends to engage RERA to explore and agree a strategy on how capacity building activities can be sustained and institutionalized by RERA or one of the member Energy Regulators.

CLEAN ENERGY STUDY TOUR TO ECOWAS FOR REGIONAL ENERGY OFFICIALS

In September 2013, the Trade Hub led a delegation of Energy officials from the SADC Secretariat, Regional Electricity Regulators Association (RERA) and Southern Africa Power Pool (SAPP) on a study tour of the energy institutions of the Economic Community of West African States (ECOWAS). The group met with the ECOWAS Energy Division in Abuja, Nigeria; ECOWAS West Africa Power Pool (WAPP) in Cotonou, Benin; and the ECOWAS Regional Electricity Regulation



Authority (ERERA) in Accra, Ghana. The visitors exchanged experiences and learned from ECOWAS about effective coordination and implementation of regional energy programs. The SADC officials intend to apply lessons learned to inform their strategies and implementation of regional renewable energy programs and the UN Sustainable Energy for All Initiative, as well as the on-going effort to restructure the SADC energy institutions.

ENERGY THEMATIC GROUP MEETINGS

The Energy team participated in two meetings of SADC Energy Thematic Group (ETG) at the SADC Secretariat in February and September 2013. The Energy Thematic Group is a coordination forum for International Cooperating Partners and the SADC Energy Division, RERA and Southern Africa Power Pool to exchange information on the state of the energy sector in the region and plan areas of cooperation. The project's active participation in the ETG allows the Trade Hub to engage in a holistic approach to the capacity building assistance in the countries in which the project works. It also gives visibility for the Trade Hub among the International Cooperating Partners (ICPs), and triggers discussion of collaboration with other energy projects in the region, particularly those focused on attracting the investors in the clean energy area.

During the last ETG meeting, SADC and RERA representatives expressed appreciation of our support to undertake the study visit to ECOWAS. Mr. Freddie Motlathlhedhi of SADC noted that the information from the visit will help SADC streamline its renewable energy policy efforts and restructure some of its agencies. Mr. Wolfgang Moser, Head of Cooperation Department of Federal Ministry for European and International Affairs, Austria, also said that the study tour to ECOWAS is exactly the type of activity that should be supported by the ICPs to help SADC energy institutions adopt best practices. RERA also noted that Trade Hub support was essential for the development of their Strategic Plan for 2013-2017.

SADC Regional Center for Renewable Energy and Energy Efficiency

The Trade Hub participated at a SADC consultative meeting on March 14 in Johannesburg convened to assess the feasibility of establishing the SADC Regional Centre for Renewable Energy and Energy Efficiency Center (SADCREEE). Representatives of SADC Member States, ICPs, and representatives of academia from the region also attended. The meeting concluded that SADC needs the Center in order to coordinate development and investment in the renewable energy technologies of Member States.



REGULATORY CAPACITY BUILDING

Thirty-eight participants from six countries (Angola, Lesotho, Namibia, South Africa, Swaziland and Zambia) attended the clean energy policy capacity building training course in Johannesburg, South Africa, organized by the Energy Team on December 10 – 14, 2012. The region's officials from energy regulatory agencies, government departments, utilities and private sector participants left with a better understanding of how to design and implement the appropriate policy briefs

for the development and deployment of clean energy technologies. The Deputy Mission Director, USAID Southern Africa, opened the workshop, and the Mission Director, USAID Southern Africa, made closing remarks, and handed over the certificates to its participants.

In February 2013, the Energy Team completed consultative meetings in Zambia with the Ministry of Mines, Energy and Water Development, the Rural Electrification Authority, the Energy Regulation Board, Zambia Electricity Supply Company; the Copperbelt Energy Corporation; the Center for Engineering, Environment and Energy of Zambia, and Zambia Development Agency and laid the ground work for developing a renewable energy feed-in tariff (REFIT) policy and building capacity of energy institutions to develop clean energy policy, regulatory tools and a framework that would facilitate investment and penetration of clean energy.

In August 2013, the Trade Hub facilitated a training workshop in Lusaka on Solar PV proposal evaluation to equip participants with skills to effectively assess IPP solar project proposals. Twenty two representatives from the Department of Energy, Rural Electrification Authority, Energy Regulation Board, and the national power utility ZESCO participated in the training. The training was aimed at enhancing Zambia's capacity to prepare Solar PV tender documents, evaluate proposals and develop a tariff methodology, and power purchase agreements (PPAs) with the independent power producers (IPP). The training also prepared participants for the REFIT Policy development later this year. A follow-up workshop is planned for first quarter FY2013, where the trainees will strengthen their skills by practicing proposal evaluation.

A series of discussions with the Ministry of Natural Resources and Energy (MNRE) in Swaziland resulted in an agreement to assist Swaziland in developing the Renewable Energy and Independent Power Producer Policy, and conduct a Strategic Environmental Assessment of this policy. These policies, when developed, will assist Swaziland to increase penetration of renewable energy technologies and to assist the Swaziland Energy Regulation Authority to regulate the sector. Further, the renewable energy policy will help the Swaziland Electricity Company (SEC) evaluate different proposals using various clean energy sources. Actual implementation of this activity will begin in the first quarter of FY2014.

ENABLING ENVIRONMENT

The Trade Hub's Enabling Environment activities support measures aimed at improving the trade and investment climate, gender integration and environment compliance as enablers of competitiveness and sustainability. The Trade Hub successfully completed 17 (89%) out of the 19 key results of our planned activities for FY 2013.

TRADE ENABLING ENVIRONMENT

The Trade Hub completed the Southern African Customs Union (SACU) Study to *Identify Technical Capacity Constraints that Affect SACU Export Access into the U.S. Market under TIDCA and their Mitigation Measures* and submitted the report to the SACU Secretariat for final review by Member States.

In February 2013, the Trade Hub finalized the Lesotho Diagnostic Trade Integration Study (DTIS) and our partner, the Lesotho Enhanced Integrated Framework (EIF) Secretariat, has since published the final report.

Additionally, the Trade Hub partnered with the Botswana Investment and Trade Centre (BITC) to review and suggest improvement to the Botswana Point Based System for work and residence permits. This involved a consultative workshop that brought together over 200 participants from both the private and public sector. Among the key recommendations from the workshop accepted by government was to reduce the initial screening pass mark for approving work and residence permits from 75% to 60%. The new system came into effect on February 2013, making it easier and transparent to obtain work and residence permits which will encourage and facilitate investment in the country.

In collaboration with GIZ and the SADC Secretariat, the Trade Hub compiled and reviewed the Monitoring, Reporting and Evaluation system (MREs) culminating in a workshop on April 15 -16, 2013 in Johannesburg, South Africa. The Trade Hub developed the MREs to replace the trade and customs audits undertaken by the Trade Hubs since 2007. The workshop, which was sponsored by GIZ, was attended by four participants from each of the 14 SADC Member States' trade, customs authorities, Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) measures. The workshop allowed participants to review and finalize the draft MREs before taking them to their respective technical committees. Following the workshop, the Guidelines and Procedures for the MREs, core matrix and the annexes indicators for the SADC Protocol on Trade have been completed and accepted by SADC Secretariat and the respective technical committees.

In May 2013, the Trade Hub provided technical assistance to BITC in developing a checklist for company registration and business licensing for Botswana which they approved. The checklist will help promote investment and improve business climate by providing a clear and transparent company registration and business licensing process in the country.

Lesotho, Malawi and Zambia requested for standards development and capacity building assistance under the Partnership for Trade Facilitation (PTF) facility to strengthen their legal and regulatory framework on standards and to implement an effective World Trade Organization (WTO) TBT enquiry point. The Trade Hub completed assessment and scoping study visits to Malawi and Lesotho in May 2013 and to Zambia in July 2013, where the Trade Hub team met with standards bodies and a cross section on private sector associations.



The meetings in Lesotho, Malawi and Zambia culminated in the development of an Implementation Action Plan and performance monitoring indicators for the proposed activities for each country.

The Trade Hub is working with the American National Standards Institute (ANSI) and National Institute of Standards and Technology (NIST) on standards development in the Southern Africa region in providing the following technical assistance support

- A needs assessment by ANSI with the SADC Cooperation in Standardization (SADCSTAN) scheduled for November 2013 to identify possible areas of cooperation, capacity building and technical assistance before agreeing on a regional project. SADCSTAN is a body mandated by SADC Council of Ministers to coordinate standardization activities in the region.
- Hosting a five day benchmarking mission in January 2014 to the U.S. by eight designated WTO TBT Enquiry Point officials from Lesotho, Malawi and Zambia, hosted by the NIST, to understand the functioning of a U.S. enquiry point.
- A 3-day training workshop by NIST on establishing an effective WTO TBT Enquiry and Notification for Lesotho, Malawi and Zambia in the coming quarter. About 20 participants in each country will take part drawn from the standards body as well as the private and public sector.

INVESTMENT PROMOTION

From June 3-5, 2013 the Trade Hub undertook an audit of the implementation of the Swaziland Investor Roadmap in partnership with the Swaziland Investment Promotion Authority (SIPA). The audit revealed that several reforms have been achieved, notably:

- Introduction of an online name company search reducing time taken to incorporate a company to three days;
- Time taken to acquire work and residence permits has been reduced to seven days from 21 days;
- Introduction of a five-year work and residence permits for investors;
- Trade licenses are now issued in three days instead of seven days;
- Health Inspection report (required in getting a Trade License) is now issued within 48 hours;
- Swaziland Revenue Authority introduced an online tax filing system, improving the tax compliance;
- Parliament approved a number of policies including the Swaziland Investment Policy and the Public Private Partnership Policy.



The audit culminated in a half-day stakeholder workshop held on June 6, 2013 to validate progress made on implementing the Investor Roadmap and to discuss remaining challenges. In spite of the significant reforms undertaken in Swaziland since April 2012, there are still a number of outstanding reforms requiring further work and collaboration. However, the audit noted that there is significant desire to improve the investment climate in the country.

In conjunction with the Lesotho National Development Corporation (LNDC), the Trade Hub conducted an audit of the implementation of the Lesotho Investor Roadmap from August 19-23, 2013 to review progress and recommend further improvements to the trade and investment climate in Lesotho.

The audit revealed the following achievements to date:

- Turnaround time for issuance of entry visas has been reduced to one day;
- Subject to security/police clearance, residence permits are also issued within one day;
- Registering a company now takes three days;
- Trade licenses are issued in one day;
- Cost of single and multiple-entry visas were to be reduced as of end of September 2013;
- Currently developing an Immigration Integrated Program aimed at issuing national identity cards, electronic national passports and e – borders which will facilitate access to credit; and
- Development of an integrated tax administration program to make tax compliance manageable, including online tax filing and e-payment systems.

The audit also noted the introduction of trade facilitation tools through the Lesotho Revenue Authority's Customs Modernization Program consisting of the modernization of customs legislation, establishment of a trade portal, preferred trade system, border infrastructure refurbishment and introduction of scanners.

However, several challenges were hampering implementation of the Investor Roadmap in Lesotho. These include lack of a reform champion to drive the process. It was agreed that LNDC will work on identifying the right person to lead the reforms. Also, police clearance often delays the issuance of residence permits as this is done by a different Ministry with the biggest challenge being equipment. During the audit, there were no police clearances being done as the only machine used for this purpose was not working.

Also, while the establishment of a One Stop Business Facilitation Center has helped speed up several business processes, similar centers are needed outside Maseru.

GENDER

In October 2012, the Trade Hub's Gender Advisor held a Gender Integration Workshop for Trade Hub personnel. The workshop was designed to provide staff with a basic foundation in gender concepts and to provide insight into how personnel can integrate gender into their work. Personnel who attended this initial training became the gender focal persons for their respective technical units. In addition, the Gender Advisor met with Trade Hub technical teams in brainstorming and action-planning sessions on how to better integrate gender into existing and planned work.

In January 2013, the Gender Advisor facilitated a follow up Gender Integration Workshop for Trade Hub personnel. Eleven staff members attended the training. In addition, six staff members attended an advanced Gender Integration Workshop.

The Gender Advisor also reviewed all Trade Hub grants materials and developed a plan on how to better integrate gender considerations into these documents and ensure that gender issues are considered at all stages of the grants processes. A one page annex will be drafted for use by grantees as a gender integration tool. In addition to revising the Trade Hub's Pre-Award Survey to ensure that gender considerations are more rigorously assessed in grant concept notes, the Gender Advisor reviewed two draft grant concept notes to assess how gender considerations were addressed in proposed grants and made recommendations on how each potential grantee could better address gender considerations within the proposed intervention and revised concept note.

In July 2013, the Trade Hub launched a comprehensive gender audit of the project to monitor progress made in mainstreaming gender and identify successes and gaps as well as challenges in the program. The audit was intended to provide a holistic picture of gender relations at all levels of the project. The report completed in August 2013 provided the following findings and recommendations:



- Gender integration is increasingly recognized as important in the Trade Hub
- Most participants expressed a gradual positive change in staff interest and will to integrate gender into their work
- 62.8% of Trade Hub staff had been trained in gender integration
- The Trade Hub has integrated several measures into its monitoring, evaluation and reporting systems to ensure that gender is mainstreamed into these processes
- Trade Hub personnel would benefit from additional gender integration tools, such as manuals, techniques and handbooks to assist them in their activities; and

ENVIRONMENTAL COMPLIANCE

The Trade Hub reviewed proposals and completed Environmental Screening Forms (ESFs) for six grants. During the review of these grants, the Trade Hub's Environment Advisor proposed improvements to the process by doing environmental review stages from the concept development phase so that it does not become a back-end bottleneck.

In January 2013, the Environmental Advisor reviewed all program activities in preparation of the environmental review report which aligns with Trade Hub tasks reported in the annual work plan. The grants process, including the Grants Handbook and Application Template, was reviewed with the Deputy Chief of Party and the Grants Manager with guidance being provided on the necessary steps to ensure effective environmental review. The grants process was mapped, and important steps requiring environmental evaluation were identified and highlighted.

Five grant applications were reviewed and four Environmental Screening Review forms were finalized and approved by USAID. In addition, from March 18-22, 2013 the Enabling Environment Team Leader attended an Environmental Impact Assessment Training in Pretoria, South Africa.

III. ISSUES, CHALLENGES AND LESSONS

Most Trade Hub initiatives involve policy, regulatory, organizational and systemic change; extensive consultation and stakeholder relationship management; change management; and capacity building. These are complex issues which require skillful, patient handling as well as significant time and effort. Most of the initiatives in all the indicative result areas encompass several public and private sector agencies and stakeholders. Progress depends mainly on the ownership, commitment, capacity and actions of the partners and agencies that the Trade Hub is supporting, since they must make the decisions, manage the processes, and commit their own resources to achieve desired outcomes.

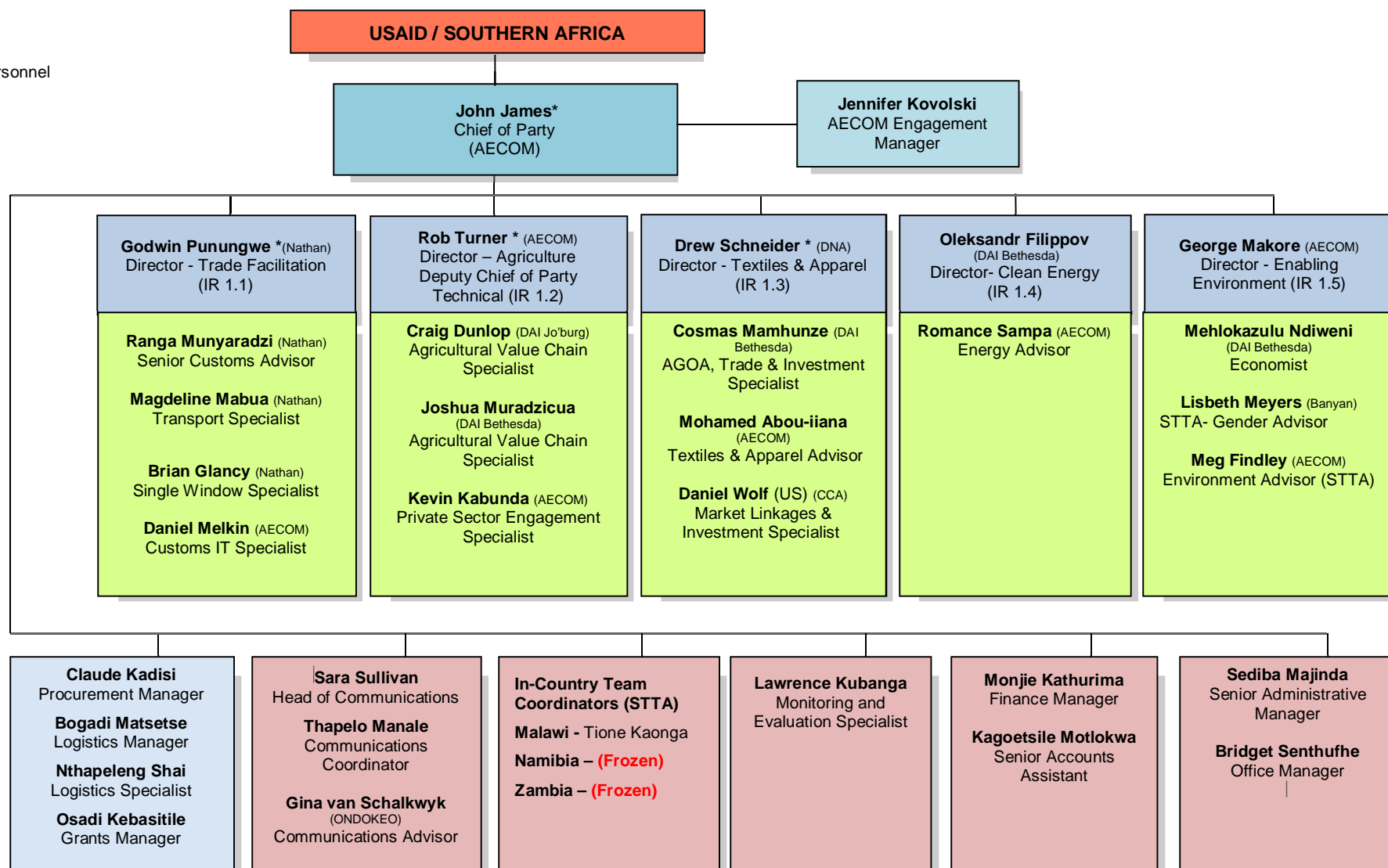
During the course of implementation, Trade Hub staff has become aware of the factors that make the difference between success and slow progress or failure, summarized as:

- We must base our work plans and interventions on reliable assumptions that reflect the needs and will of partners, and align with their planning, budgeting and operating cycles
- For all planned technical assistance, there must be counterparts in the partner organizations to work with the experts and to take ownership of the solutions.
- All statements of work to deliver technical assistance should be cleared and signed off by the recipient organization or unit and reflect an agreed action plan, with roles, responsibilities and deliverables clearly laid out against a time line
- Where feasible we should appoint country-based representatives to provide close ground support and follow-up, and to maintain close stakeholder relations.
- We must understand the business culture and decision-making processes in the various countries we support
- We should identify key stakeholders and influential players and cultivate a close working relationship with them as the “internal champions” to drive the processes and decisions.
- Where we are introducing new concepts and tools that require high-level decisions with policy, regulatory, innovative partnership and financial arrangements, we need to be adept at:
 - providing complete and balanced information to enable them to fully understand the choices and make informed decisions
 - understanding the capacity constraints and providing solutions to address these to underpin implementation and sustainability

IV. ORGANIZATION AND STAFFING

(October 2013)

* Key personnel



V. FINANCIAL REPORT

QUARTER 4						
	Total Budget	Expenditure Q4 (Jul to Sep 2013)	Cumulative Spent Thru Sep 2013	Budget Remaining	Obligated Amount	Obligation Remaining
	(A)	(B)	(C)	(D)	(E)	(F)
Management and Administration (CLIN 1)	\$8,964,263	\$424,222	\$5,563,916	\$3,400,347		
Technical Services/Integration (CLIN 2)	\$56,828,878	\$1,831,181	\$22,598,414	\$34,530,464		
CLIN 2		\$751,809	\$12,140,888			
CLIN 3		\$1,079,372	\$10,149,730			
Grants		\$30,993	\$307,796			
<i>Add-ons</i>						
Lesotho DTIS	\$160,000		\$161,651	(\$1,651)	\$160,000	(\$1,651)
Partnership for Trade Facilitation	\$600,000		\$0	\$600,000	\$1,000,000	\$600,000
Management and Administration (CLIN 3 - Option Year)	\$2,468,092		\$0	\$2,468,092		
Technical Services (CLIN 4 - Option Year)	\$14,348,962		\$0	\$14,348,962		
Total	\$82,610,195	\$2,487,321	\$28,123,058	\$54,487,137	\$32,479,389	\$4,356,331

VI. ANNEXES

ANNEX A – PROJECT MANAGEMENT PLAN INDICATOR TABLE

SPS Location + ID	Trade Hub ID	Indicator	Baseline	Y3			Q1	Q2	Q3	Q4
				Target	Cumulative Total	% Reach	Actual	Actual	Actual	Actual
IR 1.1 Improved Trade Facilitation										
	1.2-20	Reduction in the cost to trade goods across borders as a result of Trade Hub assistance								
		Malawi								
		Mwanza	\$0	\$477,748 ²	\$1,342,579 ³	281% ⁴				
		Export	\$0	\$88,476	\$168,192	190%				
		Import	\$0	\$389,272	\$1,174,387	302%				
		Songwe		\$435,080	\$2,445,208	562%				
		Export	\$0	\$58,546	\$298,716	510%				
		Import	\$0	\$376,534	\$2,146,492	570%				
		Zambia								
		Kasumbalesa		\$3,252,807	\$14,350,851	441%				
		Export	\$0	\$2,656,251	\$13,813,425	520%				
		Import	\$0	\$596,556	\$537,426	90%				

² This is the targeted amount of cost saving for all transport operators and/or importers/exporters using Mwanza border in 2013. Through reduction of the time to clear goods and cross the border by 10%, the cost saving for operators would amount to a minimum of \$477,748.

³ This is the actual cost saving (cost reduction) for truck operators and/or importers/exporters that derives from improvement in clearance processes and crossing times at Mwanza border. This amount aggregates total savings for exporters and importers over 365 days and it takes into account the number of loaded trucks crossing the border every day.

⁴ This is the actual cost reduction expressed as a percentage of the target cost reduction.

		<i>Nakonde</i>		\$3,959,228	\$5,071,748	128%				
		<i>Export</i>	\$0	\$3,230,688	\$3,133,160	97%				
		<i>Import</i>	\$0	\$728,540	\$1,938,588	266%				
	1.1-21	Reduction in the number of days (time) required to trade good across borders and along corridors as a result of Trade Hub assistance								
		<i>Malawi</i>								
		<i>Mwanza</i>		1hr 10mins ⁵	3hr 3mins	261%				
		<i>Export</i>	4hrs 45mins ⁶	28mins	55mins	196%	3hrs 24mins	3hrs 50mins		No data ⁷
		<i>Import</i>	7hrs 12mins	42mins	2hrs 8mins	305%	10hrs 14mins	5hrs 4mins		No data
		<i>Songwe</i>		2hrs	11hrs 14mins	562%				No data
		<i>Export</i>	4hrs 49mins	28mins	2hrs 27mins	525%	6hrs 18mins	2hrs 22mins		No data
		<i>Import</i>	15hrs 29mins	1hr 32mins	8hrs 47mins	573%	23hrs 22mins	6hrs 42mins		No data
		<i>Zambia</i>								
		<i>Kasumbalesa</i>		2hrs 57mins	13hrs 4mins	443%				
		<i>Export</i>	24hrs 7mins	2hrs 25mins	12hrs 35mins	521%	11hrs 32mins			No data
		<i>Import</i>	5hrs 40mins	32mins	29mins	91%	5hrs 11mins			No data
%		<i>Nakonde</i>		7hrs 26mins	15hrs 41mins	211%				
		<i>Export</i>	30hrs 14mins	3hrs 1min	13hrs 2mins	432%	17hrs 23mins			17hrs 12mins
		<i>Import</i>	44hrs 38mins	4hrs 25mins	2hrs 39mins	60%	43hrs			41hrs 59mins
IR 1.2 Greater Competitiveness in Agricultural Value Chains										

⁵ The target for the year was to reduce crossing times for both exports and imports by 1 hour 10 minutes. The actual time saving reached for the year was 3 hours 3 minutes. This means that every normal day, imports clear the border 2 hours 8 minutes earlier than they did in 2011, and exports clear 55 minutes earlier than they did in 2011.

⁶ This is the baseline crossing time from which we calculate time savings in subsequent periods. The baseline time was established in 2011. Updated times indicated per quarter are average crossing times recorded for those periods. Time saving/reduction is therefore calculated as baseline time (crossing time before Trade Hub Intervention) less latest updated crossing time (after Trade Hub interventions).

⁷ Data collected was not representative of actual crossing times. See Mabua's Trip report for details: [TRTF 20130819 Mabua Mwanza Border Review](#)

4 . 5 . 2 - 7	1.2-2	Number of individuals who have received USG supported short-term agricultural sector productivity or food security training	0	615	369	60%	122	142	53	52
		<i>Type of individual</i>					122	142	53	52
		<i>Producers</i>					0	6	30	0
		<i>People in government</i>					53	60	0	3
		<i>People in private sector firms</i>					55	70	21	45
		<i>People in civil society</i>					14	6	2	4
		<i>Sex</i>					122	142	53	52
		<i>Male</i>					93	83	43	43
		<i>Female</i>					29	59	10	9
4 . 5 . 2 - 1 1	1.2-3	Number of food security private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	0	73	169	232%	54	48	46	21
		<i>Type of organization</i>					54	48	46	21
		<i>Private enterprises (for profit)</i>					43	36	14	18
		<i>Producers organizations</i>					8	3	24	0
		<i>Water users associations</i>					0	0	0	0
		<i>Women's groups</i>					1	0	0	0
		<i>Trade and business associations</i>					0	6	5	0
		<i>Community-based organizations (CBOs)</i>					2	3	3	3
		<i>New/Continuing</i>					54	48	46	21
		<i>New</i>					46	32	46	21

		<i>Continuing</i>					8	16	0	0
4 . 5 . 2 - 2 7	1.2-4	Number of members of producer organizations and community based organizations receiving USG assistance	0	0	627689		0	0	627689	627689
		<i>Type of organization</i>							627689	627689
		<i>Producer organization</i>							624852	624852
		<i>Non-producer-organization CBO</i>							2837	2837
		<i>Sex</i>								
		<i>Male</i>								
		<i>Female</i>								
4 . 5 . 2 - 2 8	1.2-5	Number of private enterprises (for profit), producers organizations, water users associations, women's groups, trade and business associations, and community-based organizations (CBOs) that applied new technologies or management practices as a result of USG assistance	0	55	34	62%	0	2	0	32
		<i>Type of organization</i>					0	2	0	32
		<i>Private enterprises (for profit)</i>					0	1	0	24
		<i>Producers organizations</i>					0	1	0	8
		<i>Water users associations</i>					0	0	0	0
		<i>Women's groups</i>					0	0	0	0
		<i>Trade and business associations</i>					0	0	0	0
		<i>Community-based organizations (CBOs)</i>					0	0	0	0
		<i>New/Continuing</i>					0	2	0	0

		<i>New</i>					0	2	0	32
		<i>Continuing</i>					0	0	0	0
4 . 5 . 1 - 2 4	1.2-6	Numbers of Policies/ Regulations/ Administrative Procedures in each of the following stages of development as a result of USG assistance in each case: Stage 1: Analyzed Stage 2: Drafted and presented for public/stakeholder consultation Stage 3: Presented for legislation/decreed Stage 4: Passed/approved Stage 5: Passed for which implementation has begun	0	4	4	100%	0	2	2	0
		<i>Sector</i>						2	2	0
		<i>Inputs</i>						0	0	0
		<i>Outputs</i>						0	0	0
		<i>Macroeconomic</i>						0	0	0
		<i>Agricultural sector-wide</i>						0	0	0
		<i>Research, extension, information, and other public service</i>						2	2	0
		<i>Food security/vulnerable</i>						0	0	0
		<i>Climate change adaptation or natural resource management (NRM) (ag-related)</i>						0	0	0
		<i>Stages of development</i>						2	2	0
		Stage 1 of 5 Number of policies / regulations / administrative procedures analyzed						0	0	0
		Stage 2 of 5 Number of policies / regulations / administrative procedures drafted and presented for public/stakeholder consultation						1	2	0
		Stage 3 of 5 Number of policies / regulations / administrative procedures presented for legislation/decreed						0	0	0
		Stage 4 of 5 Number of policies / regulations / administrative procedures prepared with USG assistance passed/approved						1	0	0
		Stage 5 of 5 Number of policies / regulations / administrative procedures passed for which implementation has begun						0	0	0
4 . 1.2-8		Total increase in installed storage capacity	0	15000Mt	15000Mt	100%	0	0	0	15000Mt

5 - 1 0										
		Type of storage								
		Dry storage								15000 Mt
		Cold storage								0
4 . 5 . 2 - 2 9	1.2-9	Value of Agricultural and Rural Loans	0	\$600,000	\$2,000,876	333%	0	0	\$1,800,000	\$200,876
		Type of loan recipient							1,800,000	
		Producers							0	0
		Local traders/ assemblers							0	200,876
		Wholesalers/ processors							1,800,000	0
		Others							0	0
		Sex of recipient								
		Male								
		Female								
		Joint								
4 . 5 . 2 - 1 2	1.2-10	Number of public-private partnerships formed as a result of FTF assistance	0	15	12	80%	3	3	2	4

		Partnership focus					3	3	2	0
		Agricultural production					1	1	1	1
		Agricultural post-harvest transformation					1	2	1	1
		Nutrition					0	0	0	0
		Multi-focus					0	0	0	0
		Other					1	0	0	2
4 . 5 . 2 - 3 8	1.2-11	Value of new private sector investment in the agriculture sector or food chain leveraged by FTF implementation	0	\$540,000	\$ 2,033,350	377%	108,500	— \$121,050	\$1,800,000	0
4 . 5 . 2 - 3 9	1.2-12	New technologies or management practices under the following phases of development (Phase I/II/III)	0	10	12	120%	3	2 ⁸	0	7
		Phases of development					3	1	0	0
		Phase 1 Number of new technologies or management practices under research as a result of USG assistance					0	0	0	0
		Phase 2 Number of new technologies or management practices under field testing as a result of USG assistance					0	1	0	0
		Phase 3 Number of new technologies or management practices made available for transfer as a result of USG assistance					3	1	0	7
4 . 1.2-13		Market discount of targeted agriculture commodities						0	0	0

⁸ This number corrects the 1 reported in the Q2 quarterly report

5 - 1 1									-	
IR 1.3 A Better Trade and Investment Enabling Environment through Improved Policies Increased Trade & Investment in the Textiles and Apparel Sector										
	1.3-14	Value of International and intraregional traded goods, including agricultural products facilitated by the Trade Hub.	0	\$3m	\$0	0	0	0	0	0
		<i>Market</i>								
		<i>International</i>								
		<i>Intra-regional</i>								
		<i>Type of goods</i>								
		<i>Agricultural</i>								
		<i>Other</i>								
	1.3-15	Number of buyer/seller linkages established in export capacity as a result of USG assistance	0	375	598	159%	23	0	575 ⁹	0
	1.3-16	Value of investment facilitated by the Trade Hub	0	\$540,000	\$2,033,350	377%	\$112,300	\$121,050	\$1,800,000	0
IR 1.4 Strengthened Capacity for Regulating the Clean Energy Sector										
4 . 4 . 1 - 3 4	1.4-17	Person hours of training completed in technical energy fields supported by USG assistance		3600	1656	46%	1480	0	0	176
		<i>Sex</i>					1480	0	0	176
		<i>Male</i>		2160	1408	69%	1280	0	0	128

⁹ This figure was previously reported as 27, before incorporating Source Africa 2014 output, pending further internal clarifications.

		Female		1440	248	17%	200	0	0	48
IR 1.5 Better Enabling Environment										
4 . 4 . 2 - 1 2	1.5-18	Number of policy reforms, regulations, and administrative procedures passed/approved to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	0	3	6	200%	0	3	3	0
		Country								
		Sector								
		Agriculture								
		Energy								
		Macroeconomic								
Gender										
	G-19	Proportion of female participants in USG-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment)	0	40%	14%					14%

SUCCESS STORY

Immigration Reforms Make Botswana More Attractive to Investors

USAID Southern Africa Trade Hub support results in review of the Point Based System for work and residence permits in Botswana



Botswana's commitment to reforming its business environment has recorded another success with the announcement of reforms to the points based system for work and residence permits in Botswana. An objective points based system will allow the country to address skills shortages and encourage investment in sectors targeted for economic diversification.

U.S. Agency for International Development
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On February 1, 2013, Botswana lowered the cut-off point for new work and residence permits from 75% to 60% and to 50% for renewal applications in response to requests from the private sector. This makes the points-based system (PBS) for permits more responsive to the needs of prospective investors to be able to mobilize skills and experience not already available in the country.

The Trade Hub, which initially assisted the government to come up with the PBS, facilitated the consultations between the government and private sector that led to the adoption of these reforms.

In its efforts to diversify the Botswana economy away from its dependence on minerals, the government of Botswana is actively courting investors in productive sector and taking several steps to transform the business enabling environment to facilitate effective private sector operations.

In April 2012, Botswana introduced a pilot PBS in response to recommendations in a paper commissioned by the Trade Hub. The introduction of the PBS however resulted in high rejection rates for permit applications. The Trade Hub then partnered with the Botswana Investment and Trade Centre (BITC) to organize a consultative workshop bringing together over 200 participants from the private and public sector, to discuss proposals to improve the PBS.

Following these consultations, the Government agreed to lower the cut-off point for permits and to automatically grant permits to investors recommended by BITC and other investment institutions. The reforms are expected to make it easier and more transparent to obtain work and residence permits thus encouraging investment into the country.

According to Mrs. Sethembile Dube, Executive Director of Botswana Exporters and Manufacturers Association (BEMA), the revised PBS comes at the "right time to restore public trust in the immigration law and controls". She noted that it has improved the way investors perceive Botswana, resulting in increased investor confidence on the country.

SUCCESS STORY

USAID Helps Southern Africa Companies Get Ready for the Show

Preparing textiles and apparel suppliers for a successful Source Africa 2013



With 42 years of experience in the exhibition industry, trainer Joy Donovan gave suppliers at the workshop a comprehensive introduction to trade show strategy including five key points to a successful show:

Trade show strategy

Suppliers must determine their objectives in advance and focus their efforts accordingly.

Pre-show promotions

Pre-show promotions alone can improve trade show results by 300%.

Categorizing stand visitors

There are at least 13 different types of stand visitor. Suppliers must learn how to quantify visitors quickly and focus on their objectives.

Training staff

Staff must be trained properly in categorizing and handling visitors and keeping the stall focused on its objectives.

Lead management and post-show promotions

International research says that 80% of trade show leads are never followed up. Instead, suppliers immediately return to production and retailing.

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According to experts in the industry, trade shows are the #1 way to gain new business, making USAID's Southern Africa Trade Hub's annual Source Africa event in Cape Town a tremendous opportunity for suppliers in the region. However, experts also know that success at trade shows requires more than just showing up. To prepare exhibitors for Source Africa 2013, the Southern Africa Trade Hub conducted Supplier Training Programs in Lesotho, Mozambique and Botswana.

Hundreds of visitors streamed through the doors at Source Africa, the first pan-African Textiles and Apparel trade show of its kind. In addition to attracting buyers from around the world to the event, the Trade Hub worked closely with local partners to maximize the participation and success of suppliers.

In coordination with the Lesotho National Development Corporation (LNDC), the Mozambique Institute of Export Promotion (IPEX) and the Botswana Investment & Trade Centre (BTIC), the Trade Hub ran a series of workshops in the three countries covering all aspects of trade show participation, from pre-show strategy and booth preparation to post-show promotions and lead management. The workshops discussed negotiating with buyers, taking advantage of international tradeshow like Source Africa and best practices for exhibiting product.

Concentrating efforts on retailing at trade shows is a mistake that even major companies make. The Supplier Training Program encouraged participants, some of whom were preparing to exhibit for the first time, to approach Source Africa with a marketing rather than a retailing mindset. Since only about 20% of buyers immediately purchase on the spot, an attractive booth and on-the-spot sales are not significant factors in long-term success. Instead, the workshops trained participants on a more effective approach that emphasizes marketing: committing 25% of total exhibition budget to pre-show marketing 3-6 months before the show, 50% to the show and stall itself, and 25% to post-show promotion and following up leads. In addition to the group training sessions, the facilitator made site visits to over a dozen firms in all three countries to offer targeted analysis and techniques after looking firsthand at operations.

As facilitator Joy Donovan stated in the workshops, "Businesses fail not because the products are no good, but because the marketing is no good." With its comprehensive Supplier Training Program, the USAID Southern Africa Trade Hub and its local partners are supporting textile and apparel firms throughout Southern Africa to ensure that suppliers have the resources they need to encourage growth in this important sector.

SUCCESS STORY

Boosting Textiles & Apparel in Southern Africa

USAID Southern Africa Trade Hub partners with private sector for successful Source Africa trade show



Photo: Southern Africa Trade Hub

During Source Africa 2013, 170 exhibitors from 20 countries exhibited their products to 36 buyers from around the world.

90% of attendants at the business seminars and power breakfasts, arranged by AAFA and the African Cotton and Textile Industries Federation (ACTIF), responded that they would be able to use the knowledge obtained during these events in their business dealings. "One participant told us that the Business-to-Business networking was as productive as what they had witnessed at many of the more widely-attended trade events in Asia," reports Steve Lamar from AAFA.

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With 1,401 participants, 170 exhibitors and 36 buyers from local and international retailers, Source Africa 2013 demonstrated what can be achieved when USAID's regional textile and apparel experts join forces with private enterprise in Southern Africa to boost regional industry.

Source Africa 2013 took place from April 9-12 at the Cape Town International Convention Center in Cape Town, South Africa. USAID's Southern Africa Trade Hub used its extensive network in the textile and apparel value chain to identify and recruit suppliers and buyers to exhibit in the trade expo and to participate in a business-to-business matchmaking program and series of business seminars. Source Africa was designed to demonstrate that African suppliers can compete on price, quality and standards and was the first pan-African textiles and apparel event of its kind.

"We think Source Africa 2013 was a home run on all marks. We were pleased to see exhibitor booths humming with activity during both days of the trade show," stated US partner, the American Apparel and Footwear Association (AAFA), after the event.

Source Africa brought together manufacturers from across the continent in one major integrated event, enabling buyers to examine a wide array of products in one efficient trip. The trade show also encouraged African buyers and suppliers to do business with each other and capitalize on tariff advantages and shorter distances to market by bringing suppliers from 20 different countries to the event. "I have met a lot of interesting people," said Belita Phiri De La Court of Lamoze Fashions Ltd. in Zambia while on the busy trade show floor. "We are really happy to be here."

Director General of the South African Department of Trade and Industry, Lionel October, opened the event by highlighting the importance of collaboration with the US to strengthen the sector and discussing the significant role the industry plays in job creation. Consul General of the United States in Cape Town, Erica Barks-Ruggles, also addressed the opening plenary, emphasizing the commitment of the US government to the region's textiles and apparel industry through the African Growth and Opportunity Act (AGOA) and support for events like Source Africa.

South African private sector event management firm LTE was selected to organize and host Source Africa, which is to become an annual event encouraging linkages between buyers and suppliers, investment into manufacturing capacity in Africa and accelerated job creation for many years to come.

SUCCESS STORY

Southern African Countries Shine

USAID-sponsored trip to Solar Power International encourages investment in Southern Africa's clean energy industry



During his visit to SPI, Morteza Abkenari from Solar Power was impressed with the 5,800 panel rooftop array and the cost savings achieved through net metering.

As a follow up to Solar Power International, in April 2013 AE-AMD Renewable Energy visited Botswana to assess Botswana's readiness for clean energy investment. AE-AMD is currently building a 33 megawatt solar plant in South Africa and is interested in developing a grid scale solar plant in Botswana. USAID's Trade Hub continues to receive further enquiries from potential solar companies interested in setting up in Southern Africa as a result of the investment trip.

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In partnership with the US Embassy in Botswana, USAID's Southern Africa Trade Hub sponsored eight renewable energy companies from Botswana, Mozambique, Namibia, South Africa and Zambia to attend the Solar Power International Conference and Exhibition September 10-14, 2012 in Orlando, Florida. The delegation met with US suppliers, distributors and manufacturers of solar energy products and services to develop linkages and draw attention to solar power investment opportunities in the region.

Solar Power International (SPI) is the largest and most comprehensive solar energy event in North America, bringing together over 1,200 exhibitors and 21,000 delegates. The Southern Africa delegation was comprised of Solar Power, the oldest company dedicated to natural resource development in Botswana; BPC Lesedi, a renewable energy subsidiary of Botswana Power Corporation (BPC); Energy Systems Group, a prominent supplier and installer of solar systems in Botswana; Alternative Energy Systems, one of the leading suppliers and installers of solar electrical systems in Namibia; and AE-AMD Renewable Energy, a South African company that has been licensed to develop and operate renewable energy utility scale power plants.

The solar companies from Southern Africa also met some major players in solar energy including Quanta Power Generation, which has resulted in preliminary discussions with AE-AMD Renewable Energy Company for possible EPC (Engineering, Procurement, and Construction) Services. Discussions are also underway with ASP, a photovoltaic module manufacturer, as well as Advanced Energy, a supplier of inverters, which transform energy from solar panels into usable current. Delegates identified possible suppliers of solar storage, inverters and off-grid systems, while others had discussions with Africa Energy Group to procure solar storage systems. The delegation also held an interactive session with Mr. Timothy Kim from the US Export-Import Bank (EXIM). As a result of the trip, some of the Southern African companies are pursuing EXIM financing possibilities and are in the process of submitting financing proposals to EXIM Bank.

The trip has also led to increased trade between the Southern African countries and the U.S. As a result of the mission, Namibian solar company Alternative Energy Systems CC concluded their first transaction for solar water pumps and Quanta Power Generation visited the region to explore investment opportunities in clean energy further. Quanta, a publicly traded US\$4.5 billion company employing 17,000 people, visited Mozambique, Botswana and South Africa in a series of Trade Hub-facilitated meetings.

SUCCESS STORY

Making the Grade: USAID Training Program Protects Crops

USAID Southern Africa Trade Hub trains warehouse managers to help reduce severe grain losses in region



Further courses will follow throughout 2013 and 2014 in Malawi, Zambia and Mozambique. By the end of the courses, 120 warehouse managers will be trained in Malawi alone from at least 50 different storage operators, reaching the majority of formal grain storage in the country.

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Fifteen to twenty percent of grain that goes into storage in Southern Africa is ruined before it can be used, leaving approximately 1.3 million tons of product damaged and unsuitable for human consumption or export every year. This represents almost US\$270 million in lost value annually. In addition, a significant amount of grain produced in the region is never graded, meaning that grain of varying qualities is blended without distinction, which lowers the overall price of the grain and prevents export.

The USAID Southern Africa Trade Hub is partnering with local organizations in Malawi, Zambia and Mozambique to address these significant losses with a series of grain management trainings. The trainings cover grain grading and standards, storage management and pest prevention.

Rigorous 12-day residential courses target employees from certified warehouse receipts facilities, government, private traders, feed and grain mills, and other grain processors. The in-depth training includes technical and hands-on demonstrations of sampling, sample preparation, weighing and calculation of percentage, moisture determination, sieving and cleanliness.

Students are taken through group exercises where they practice the grading and sampling themselves, and they visit grain warehouses to see what other players in the industry are doing. Daily progress tests are given to each trainee to evaluate information absorption, and a written examination is required at the end of the course before certification is granted. Sixty to seventy percent of attendees are receiving grain training for the first time.

Frank Kadzakumanja, a structured trade officer with the Agricultural Commodity Exchange (ACE) attended the first training in Malawi and explains the significance of the course: "The biggest challenge in warehouse management is balancing workload and prioritizing tasks. The other main challenge is keeping up with technology changes, finding time to read literature and staying up to date with new technologies. After the training, I have acquired more knowledge on the ground as well as literature that will help ensure all required procedures are completed and on time."

(continued on next page)



Gloria Liwewe, Warehouse Manager, practices grain grading and sieving during one of the hands-on sessions.

The Trade Hub's support for grain grading training is an integral part of establishing the Warehouse Receipt System (WRS), which enables the creation of certified warehouse receipts storage facilities affiliated with ACE and with the Auction Holdings Commodity Exchange (AHCX). WRS allows farmers to store grain and sell when prices are favorable, using their warehouse receipt as collateral for inputs and other expenses in the meantime. Warehouses must meet accreditation standards to comply with insurance requirements and to access bank financing. Without accurate grading, a warehouse receipts system cannot function, as the entire system rests on a guarantee of definite quality and quantity.

Gloria Liwewe described the training course as "an eye opener." As a warehouse manager, it is Gloria's job to intake product and decide how to store it. After completing 12 days of intense study, she can now ensure that any commodity flowing out of her warehouse is of high quality and able to conform to export standards. Because Gloria has completed the course, her warehouse can now function as a certified warehouse receipt storage facility, enabling farmers' access to finance and the benefits of the WRS.

On a personal level, Gloria cites aflatoxin mitigation practices as a special priority due to the toxins' link to breast and cervical cancer in Malawi. Gloria also believes that completing the course will help her face the challenges of being one of the few women of her position in the industry: "Knowledge is power. With the skills I have learned from this training I will be able to perform the tasks that men in this industry usually do."

SUCCESS STORY

USAID Grants Accelerate Peanut Trade from Zambia

Exporting to South Africa will increase farmer profits and improve standard of living



Peanuts, referred to as “groundnuts” in Southern Africa, are a staple crop in Zambia. However, high levels of aflatoxin contamination mean that lucrative export markets are largely closed to Zambian production.

Proper sorting and grading of groundnuts can remove aflatoxin from shipments opening new markets in South Africa and Europe.

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USAID’s Southern Africa Trade Hub is facilitating powerful partnerships between South African and Zambian peanut companies with its Strategic Partnership Grants program. Two grants for new cleaning, sorting and grading equipment and improved seed material have enabled Zambian company Jungle Beat to tackle the problem of aflatoxin contamination and access the lucrative export market for peanuts.

Due to domestic market issues, peanut production in South Africa has declined significantly in the last ten years: from 140,000 to 65,000 tons per year. This situation has led South African companies to look to their neighbors in the region for supply. With its ideal climate and traditional knowledge of peanuts, Zambia could make up South Africa’s shortfall all on its own. But due to high levels of aflatoxin contamination, all developed markets have been closed to Zambian peanuts and the approximately 500,000 households that grow them.

It was Zambia’s peanut potential that first attracted Peter Nieuwoudt to Zambia to set up Jungle Beat and make peanut butter for the local market. When Nieuwoudt first started the company, he drove around the country in his truck searching for farmers to be part of Jungle Beat’s grower network, pitching a tent in any village where he found himself when the sun went down. Today Jungle Beat buys groundnuts from and provides extension support to 11,000 small farmers.

With the equipment, seed and market linkages facilitated through the Strategic Partnership grants, Jungle Beat will be capable of cleaning, sorting and grading four tons of groundnuts per hour at the Lusaka factory—enough for Jungle Beat to increase its purchase of groundnuts from small-scale farmers by up to 10,000 tons per season. Already in the 2013 harvest season, Jungle Beat has sourced a \$1.8 million USD working capital loan from a local bank (with support from the USAID DCA) which is enabling the company to increase purchases from approximately 2,700 metric tons last year to an estimated 7,000 metric tons this year.

The sorting and grading line has been installed, and Jungle Beat’s South African partner Central African Seed Services (CASS) is preparing to receive their first shipments. But the planting season won’t wait. Now with the expectation of receiving clean, aflatoxin-compliant nuts, South Africa Groundnut Marketing is sending 40 tons of high quality seed to be given to 800 of Jungle Beat’s small holder suppliers—and everyone is expecting big things.



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SUCCESS STORY

USAID Support Improves Investment Climate in Swaziland

Swaziland Investor Roadmap helps ease the burden of doing business



Swaziland is a small landlocked country in Southern Africa facing a difficult business climate. In response, USAID's Southern Africa Trade Hub developed an "Investor Roadmap" in collaboration with the Swaziland Investment Promotion Agency (SIPA) detailing the administrative, procedural and regulatory barriers hindering investment in Swaziland. The roadmap offered 90 recommendations to better the country's investment climate.

The Investor Roadmap was launched by His Majesty King Mswati III of Swaziland to speed adoption of new reforms and improve the country's performance on "doing business" rankings.

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Regardless of significant natural resources and investment potential, countries still need streamlined and efficient processes for entrepreneurship and investment in order to attract business and promote economic growth. Difficulty in obtaining work and residence permits, trade licenses, new company registration and tax documentation are obstacles that stifle investment and slow growth.

In June 2013, USAID undertook an audit to determine progress thus far. The audit revealed that as a result of the interventions from USAID and SIPA, a number of important reforms have been achieved. The time to acquire work and residence permits has been reduced from 21 to seven days. Five-year work and residence permits are replacing the two-year permits issued previously. And an online name company search for company registration effectively reduces the time taken to incorporate a company to three days.

In addition, trade licenses are now issued in three days instead of seven days, while a health inspection report (a key requirement for acquiring a trade license) is now issued within 48 hours from the previous 14 days. Tax clearance certificates are no longer a prerequisite for company registration, and the Swaziland Revenue Authority (SRA) has introduced an online tax filling platform aimed at improving tax administration and compliance. A case management system has been introduced to settle commercial cases in court quickly. The Swazi Parliament has also approved a number of relevant policies including the Swaziland Investment Policy and the Public Private Partnership Policy.

All of these reforms affect the ease of doing business in Swaziland. There are still several outstanding reforms requiring further work by Swaziland in collaboration with USAID, but the audit revealed that tremendous, encouraging strides have been made that will help spur economic growth in the country.

For the culmination of the Investor Roadmap audit process, USAID's Trade Hub and SIPA convened a half-day national public and private stakeholder workshop on June 6 to validate the outcomes of the audit and chart a way forward for continued effective implementation of the roadmap. It is expected that the reforms undertaken by Swaziland will reflect in the World Bank's Doing Business indicators as well as other international indicators for next year.

SUCCESS STORY

Faster Border Crossings for Better Trade

Trade Hub program leads to sustained decrease in time taken to cross Nakonde border



An average of 130 loaded import trucks and 70 loaded export trucks as well as numerous secondhand vehicles and empty trucks now cross Nakonde much faster than in 2011.

"Our target for improvement in Year 3 of the Hub was 15%, but at Nakonde the improvement was 23% this year, which even exceeds the target for improvement for Year 4, which was 20%. Maintaining the significant improvement achieved in Year 2 and improving it slightly in Year 3 is an achievement in itself. At other borders it has been not uncommon to see improvements one year followed by deterioration of the situation the following year," explains Godwin Punungwe, Director of Trade Facilitation at the Trade Hub.

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In September 2013, USAID's Southern Africa Trade Hub conducted its third and final assessment of the efficiency of border operations at the Nakonde border post between Zambia and Tanzania, revealing a further reduction in the 2012 border crossing times. The graphic below shows border crossing times in 2011, 2012 and 2013.

These assessments form part of the Trade Hub's Coordinated Border Management (CBM) program, which was designed to encourage better cooperation and coordination among agencies working at the borders in order to simplify the clearance of goods and reduce the time goods spend at the border. Improving border efficiency enhances trade, economic growth and food security in Southern Africa.

The improvements at Nakonde are primarily being driven by the Joint Border Committee (JBC), which was established through the CBM program and consists of representatives from the public and private sectors involved in customs clearing and border crossing formalities. The Nakonde JBC is implementing a revised action plan, developed with Trade Hub assistance, to sustain improvements and identify and address challenges on an ongoing basis.

Having met its goal of reducing border crossing times across targeted borders in Zambia and Malawi by an average of 20% and having transferred over border improvement management to JBCs, going forward the Trade Hub will be focusing its attention on other Trade Facilitation tools such as One Stop Border Posts and National Single Window, which also address challenges associated with deficient infrastructure and inadequate equipment and technologies.

SUCCESS STORY

Bringing Better Seed to Malawi

Quality seed improves drought resistance for Malawi's crucial corn crop



Strategic Partnership Grants

The grant to Capstone is part of USAID's Strategic Partnership Grant (SPG) Program, which encourages private sector investment from South African organizations into the Feed-the-Future focus countries of Malawi, Mozambique and Zambia starting with the maize, soy and groundnut value chains. The objectives of the SPG are to:

- Improve regional food security through increased private sector investment in agriculture
- Accelerate the transfer of improved production (including inputs), processing, storage, and marketing technologies to actors within the maize, soy and groundnut value chains
- Expand and improve partnerships between South African and regional companies and organizations

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The USAID Southern Africa Trade Hub provided a grant of US\$100,000 to Capstone Seeds SA (PTY) to accelerate commercial access to drought-tolerant hybrid maize seed in Malawi. Capstone, an independent South African seed company, entered into a joint venture with Peacock Enterprises Ltd of Malawi to multiply and market "CAP9001" in Malawi. This variety was developed specifically with the needs of the region in mind, to address productivity and maximize yield potential in small scale, rain-fed, drought-vulnerable farming systems. Approximately 80 metric tons of certified hybrid seed maize were produced through this grant project.

Research into improved seed varieties, especially drought-tolerant ones, is vital for improving food security in the Southern African environment; CAP9001 has been approved by the Drought Tolerant Maize for Africa Initiative (DTMA) of the International Maize and Wheat Improvement Center (CIMMYT). However, DTMA cites the lack of multiplication and commercial distribution as the "greatest obstacle" for getting seed to farmers, which is exactly the challenge this grant addresses.

The grant not only supported the production of 80 metric tons of new hybrid seed in Malawi, but also paired independent seed companies in South Africa and Malawi to bring new seed products to the market effectively. Through the grant, Peacock Seeds was supported to purchase parent seed and receive technical assistance in best practices for seed production operations. Both parties stress the importance of a strong local seed industry to bring competition and varied products to the market. Capstone Seed Director, Philip Taylor, explains, "It is very important that this grant supports two independent seed companies. Real competition and innovation will only come from stronger local seed producers, and a more competitive seed market ultimately benefits the farmers of Malawi."

Peacock Seeds marketed the seed directly to small holders in 10 kg packs, targeting approximately 8,000 farmers in the first year. But the first year is just the start. As Director of Peacock Enterprises, Felix Jumbe, says, "This partnership means that the variety will now be consistently available to the farming community. We hope to increase our outreach through our dealer network which currently numbers 15. Demand is increasing and we are confident that small-scale farmers will achieve the yield potential for our variety. Now working with a credible seed company from South Africa and distributing certified seed on the market, Peacock is happy to be part of Malawi's agriculture development."